TOWARDS A MORE EFFECTIVE EUROPE 2020: CIVIL SOCIETY’S PROPOSALS FOR BOOSTING SOCIAL INCLUSION AND COMPETITIVENESS IN EUROPE
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Since 2010 the Europe 2020 strategy for smart, sustainable and inclusive growth has been the sole overarching action plan of the European Union. With the new European Parliament and European Commission there is an excellent opportunity to revive the Europe 2020 strategy in order to get Europe back on the track of growth and investment.

It is clear that, after several years of crisis and austerity, Europe now stands at a crossroads and it needs to engage its resources for changing course back to positive growth. During the Spring Summit 2015 the Member States will have a unique opportunity to take the necessary measures for reform.

In this publication, European organised civil society, through the European Economic and Social Committee, puts forward its in-depth analysis of the socio-economic situation and makes concrete proposals for addressing the challenges Europe is currently facing.

We stress four core elements that need priority attention.

Firstly, I firmly believe that Europe needs sufficient investments to kick-start its economy and therefore the EUR 300 billion investment plan announced by the new European Commission should mainly focus on the established priorities for delivering growth and jobs.

Secondly, considering the high interdependence of the Member States, there is an urgent need to move towards a common energy policy in a structured manner. These actions should carefully consider the requirements of sustainable development, so that Europe keeps its leading position in the fight against global climate change.

Thirdly, the governance of the reform processes has to be reviewed in order to include social partners and civil society on a permanent basis. This improved structure and multilevel dialogue will help to raise the ownership and guarantee better coordinated responses and more effective implementation of necessary reforms at grass roots level.

Finally, we believe that the EU and the Member States have to focus on solutions that will have a direct impact on the lives of our citizens and in this way move progressively towards regaining the full confidence of citizens.
In cooperation with the network of national ESCs and similar organisations, the EESC is actively committed to meeting the expectations of European civil society, which is facing the challenges of smart, inclusive and sustainable growth as set out by the Europe 2020 Strategy.

Henri Malosse
Since the Europe 2020 strategy was launched in 2010, the Europe 2020 Steering Committee has been working closely with the networks of national ESCs and similar organisations to make sure the strategy keeps abreast of developments. In 2014 the steering committee conducted a rigorous assessment of the strategy and the results of this form part of the present volume. This publication is in the first place part and parcel of the EESC's contribution to the work of the Italian Council presidency and in the second is designed to feed into the debate on the strategy’s future at the European Council Spring Summit in 2015. The EESC intends it not just to furnish a critical assessment of how the strategy has operated in its first four years, but also to set out proposals for its relaunch through a genuine involvement of the people of Europe and organised civil society.

Four years on from its launch, the Europe 2020 strategy now finds itself at a dangerous and critical standstill. If the Union cannot steer the strategy in a new direction, it runs a serious risk of having to face another failure akin to that of the Lisbon Strategy. This is why the interim assessment is a unique opportunity to chart a radical new course so the strategy can start to deliver again.

Our work here identifies the critical issues that have prevented the strategy from fulfilling its promise up to this point. These are shortcomings concerning inadequate governance, a lack of fit between the goals set and the policies implemented nationally, and poor involvement of civil society organisations in sharing ownership of the strategy. It is to address these difficulties that we have tried to formulate some policy proposals that could help the strategy to fulfil its potential. There is no doubt that these are ambitious proposals, but this is simply because the challenges the European Union is now facing are themselves considerable.

The publication comprises the following documents:

- a project report that explores in greater depth the conceptual and practical aspects of the Europe 2020 strategy's governance;
- the opinion requested by the European Commission on its Communication "Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth" COM(2014) 130 final;
- contributions from the Committee's sections, the CCMI, observatories and Liaison Group with European civil society organisations and networks;
- the conclusions and recommendations of the study commissioned by the EESC's EU 2020 Steering Committee, drawn up by Andrea Bellagamba, entitled "Priorities, challenges and prospects for civil society: involvement in the Europe 2020 strategy beyond 2015 – Case study of four Member States (BE-FR-IT-NL)".

This is a collaborative endeavour that has benefited from crucial input from many EESC members over the last year. I would therefore like to thank the EU 2020 Steering Committee's two vice-presidents, Ethel Barath and Gonçalo Lobo Xavier, for overseeing the drafting of the various
documents from the very beginning and so making a significant contribution to the project report. Our expert, Marco Celi, has been indispensable to the drafting of both the opinion and the project report. Throughout these months we have enjoyed the support of the EESC president, Henri Malosse, and the three group presidents, Jaczeck Krawcitz, Georgios Dassis and Luca Jahier. Invaluable help has also come from section presidents Joost van Iersel, Martin Siecker, José María Zufiaur Narvaiza, Dilyana Slavova, Maureen O'Neill and Stéphane Buffetaut, CCMI president Carlos Trias Pintó, Labour Market Observatory president Christa Schweng, and Sustainable Development Observatory president Lutz Ribbe, as well as Conny Reuter, president of the Liaison Group with European civil society organisations and networks.

Special thanks go to Nicolas Alexopoulos for his unstinting support at every stage of the steering committee's work.

The work carried out by Andrea Bellagamba proved particularly useful in laying the foundations for the opinion and the project report.

I would also like to thank our trainee, Francesco Marra, for his work with the EU 2020 Steering Committee and I hope he has found his time at the EESC a rewarding learning experience.

I would like to finish by thanking in particular the two people who have been the very backbone of the EU 2020 Steering Committee, Mariella Pentcheva and Juri Soosaar. Mariella has been a constant source of valuable assistance in sorting out any technical and procedural questions we encountered. Juri, the steering committee's walking memory, has brought to the job a combination of professionalism, patience and precision without which it would have been impossible for the committee to carry out its remit and produce this publication, guaranteeing the high standards and quality that have become synonymous with the EESC's work.

Stefano Palmieri
Europe 2020 Steering Committee

THE MID-TERM REVIEW OF THE EUROPE 2020 STRATEGY

PROJECT REPORT

Stefano Palmieri - rapporteur
Marco Celi - expert
Etele Baráth, Gonçalo Lobo Xavier - Project Group members
1. Executive summary

Four years on since its launch, the Europe 2020 strategy is currently mired in a stalemate that does not augur well. It is beset by structural and short-term problems linked to the deepest economic and social crisis – in terms of intensity and duration – of the last 80 years. The collapse in employment, spiralling unemployment among young people and women and the rise in people living in poverty or at risk of social exclusion have all combined to widen the economic and social disparities between the Member States, and – within those States – between the regions, and undermine both the principle of cohesion that has always been a hallmark of the EU and the very confidence of Europeans.

If the EU is not able to turn things around, there is a serious risk that the Europe 2020 strategy will replicate the failure of the Lisbon strategy. This would be disastrous for the European project itself. This is why the mid-term review of the Europe 2020 strategy – on the agenda of the next spring summit – is a unique opportunity to set in motion the radical step change that is needed if it is to be re-launched in terms of effectiveness and efficiency. We need a strategy that can effectively address the critical short-term and structural issues. The solution to these issues cannot be based on a simple sum of the various national strategies. What we need is an integrated systemic strategy at EU level. The Europe 2020 strategy must be relaunched by genuinely involving organised civil society across the various phases of the strategy's governance.

Relaunching the Europe 2020 strategy requires a paradigm shift from economic growth to sustainable development, from an economic, social, environmental and intergenerational perspective. Within this system, the Europe 2020 targets should no longer be subordinate to economic and budgetary targets but rather be on an equal footing, as part of a new framework of economic, environmental and social governance, especially in the context of the European semester and, consequently, of the AGS, the national reform programmes and the country-specific recommendations. By taking this route, it will be possible to build a resilient system\(^1\) that is able to anticipate changing circumstances and steer those changes rather than be subject to them.

This is why it is necessary to implement a pan-European Europe 2020 strategy that is genuinely integrated and comprises:

i) cross-cutting policies that establish suitable conditions for encouraging the key players in boosting European competitiveness: workers, private companies and social economy enterprises;

ii) vertical policies that can support the main drivers of European development such as industrial policy, energy policy, welfare policies, research, innovation and training, the single market and the digital agenda.

\[^1\] Resilience is the ability of households, communities and nations to absorb and recover from shocks, whilst positively adapting and transforming their structures and means for living in the face of long-term stresses, change and uncertainty (Mitchell, 2013).
It will be necessary to promote an ambitious investment plan to bridge the gaps in socio-economic performance at EU level, based on two strands: infrastructure investment and social investment.

Funding for this investment plan could be provided through the involvement of the European Investment Bank, the issuing of specific European bonds, the reorganisation of the multiannual financial programme 2014-2020 – which is due to take place in 2016 – and the implementation of a financial transaction tax. With the continuing crisis, it would also be advisable to ease or temporarily suspend austerity policies, and apply the rules of the Stability and Growth Pact with the flexibility required by the current socio-economic situation.

2. The Europe 2020 strategy's first four years

The Europe 2020 strategy, formally adopted by the European Council at its summit in Brussels on 17 June 2010, was designed to re-launch and update the 2005 Lisbon Strategy objectives. This was necessary to confront the severe economic crisis that began with banking system problems in 2007 and culminated in speculative pressure on the sovereign debts of several eurozone Member States. The original aim of the Europe 2020 strategy was to boost the EU's competitiveness and employment by improving the management of structural issues whilst at the same time securing economic, social and territorial cohesion for its citizens. The new strategy was therefore designed to ensure a smooth transition from short-term crisis management towards medium and long-term reforms for growth, employment and sustainability of public finances.

Since 2010, social and economic disparities within the EU have grown, highlighting existing differences in terms of competitiveness and social cohesion and increasing the polarisation around the concepts of growth and development, with a series of constraints regarding the fair redistribution of income, wealth and well-being, both between and within the Member States (see maps 2.1 to 2.3 and figures 2.1 to 2.2). The financial crisis has overtaken and influenced the objectives of the strategy, creating limitations and constraints on the effectiveness, appropriateness and legitimacy of its governance model and targets.

While the EESC believes the Europe 2020 strategy to be essential to Europe's future, an analysis of the results achieved during the first four years clearly reveals that the strategy is failing to achieve set targets. Despite some encouraging results on environmental protection and education, there are extremely worrying signs regarding spending on "research and development", the "labour market" and the "fight against poverty and social exclusion" (see maps 2.4 to 2.13 in the Appendix)².

In order to find an effective way out of the crisis, the Europe 2020 strategy needs to be reformed and transformed into an effective lever for European competitiveness and cohesion. The EESC believes

² All the studies refer to the data contained in Taking stock of the Europe 2020 strategy — COM (2014) 130 final.
that the proposal for a radical reform of the EU 2020 strategy requires a thorough rethink of key concepts and aspects of the strategy that was introduced four years ago, focusing specifically on:

1. The paradigm of "smart growth" underpinning the strategy itself: a number of changes are needed in order to address and overcome the crisis; to that end, the way in which tasks and related objectives were defined should be reviewed and an analysis made of the ways in which the policy adopted for carrying out those tasks and for monitoring and evaluating progress on objectives was structured;

2. The governance of the strategy: it is noticeable that the Europe 2020 goals and the European Semester procedures and priorities are neither aligned nor consistent. Moreover, most of the Europe 2020 goals are not binding and the centralised management of the strategy does not allow for effective involvement of the Member States and civil society;

3. The policies aimed at fostering sustainability, competitiveness and cohesion: there is a need for effective vertical and horizontal policies able to boost industrial competitiveness by addressing energy issues more effectively, reducing the digital divide and improving and developing all the factors linked to the welfare system.

3. **A change of paradigm: rethinking the concept of "growth" and replacing it with that of "system competitiveness"

**Why rethinking?**

The main aim of the European Union's policies in recent years has been to manage the problems generated by the economic crisis. The model defined by the European Commission for addressing these difficulties was based on the need to establish strategies and plans for "smart sustainable and inclusive growth". The Europe 2020 strategy was designed to be complemented by a system for monitoring and measuring growth capable of informing the strategy and other policies relating to smart growth effectively. To this end the "GDP and Beyond" instrument was designed to support the development of well-integrated and effective policies.

Four years after the launch of the Europe 2020 strategy, the EU is far from achieving its targets (see Box 1, Maps 3.1 – 3.2). The Member States are currently developing at different speeds and this is affecting their ability to meet the Europe 2020 goals and worsening the social and cultural divergences among citizens that were to be overcome by promoting sustainability and social inclusion.

Given the paucity of results achieved so far, the strategy must be revised and brought up to date. The main issue is to understand which changes need to be made to the smart growth framework proposed by Europe 2020 in order to ensure that the development goals are achieved more effectively. Priority

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must therefore be given to reviewing the concept of economic growth in general in the light of the questionable results of the Europe 2020 strategy, in order then to assess the capacity of the "GDP and beyond" system for measuring growth to support European economic governance, with a view to achieving smart growth.

**WHAT KIND OF CHANGES?**

The key purpose of a country's growth indicators is to orient and support policy-making processes and governance. For some time, the notion of (economic) growth has been replaced in governmental programmes around the world by that of wellbeing. Effective governance for smart growth should be supported by information about several – quantitative and qualitative – aspects underlying wellbeing. Traditionally, gross domestic product (GDP) has been used as a proxy indicator for the growth and development of society as a whole. However, it does not inform policy about how the qualitative dimensions of growth relate to social wellbeing in general (see the graph in figure 3.1 illustrating that GDP does not sufficiently capture changes in individuals' material well-being and that for this reason it has become important to promote the use of more appropriate data on the household sector)\(^5\). Stiglitz et al. have argued that "what we measure affects what we do. If we have the wrong metrics, we will strive for the wrong things"\(^6\).

In order to prevent future economic crises and market failures, the European Commission built the design of policies for sustainable growth and development on cost benefit quantification. This means that income, consumption and wealth can be surveyed and assessed as these factors reflect household conditions, which are in turn a better proxy indicator for assessing the degree to which an economic system can be seen as promoting people's wellbeing\(^7\). However, the qualitative features of wellbeing – what people think, feel, and need in relation to their state of wellbeing – remain unexplored. In practical terms, these intangible aspects are secured by delivering health, safety and security – including economic security derived from employment – education, access to culture and social interaction.

Economic policies aimed at securing the wellbeing of the entire population must include a comprehensive assessment framework that takes material and non-material aspects into account in a holistic way. This can be done by defining an innovative system that includes both single macro concepts and composite indicators based on multi-criteria evaluations – covering risk, uncertainty and sensitivity analysis, and benchmarking\(^8\). The shift towards a smart growth system based on wellbeing assessment – that is genuinely able to go beyond assessing growth only with GDP – must be firmly rooted in the resulting economic policy, as well as in the policy-making process.

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\(^7\) Giovannini (2013).

\(^8\) See the OECD's concept of multidimensional living standards (2014).
The assessment framework described above needs two main things: a smart growth narrative based on a solid economic theory; and direct involvement of civil society in order to detect and measure non-material aspects of growth. This growth narrative and the involvement of society may legitimise the use of smart growth indicators and support the process of linking economic policy and its governance with wellbeing.

The involvement of academics and experts is fundamental when it comes to developing this narrative, as their specific knowledge and experience can inform the analysis of the real meaning of wellbeing and related concepts effectively, while also contributing in an appropriate way to improving the assessment framework, not least by setting up systems for direct civil society participation. This narrative helps people to assess their own level of wellbeing in terms of desirable living conditions and quality of life.

The active involvement of civil society is vital in order to assess public feeling about wellbeing and people's policy needs. In this way, the indicators that emerge from this process of reviewing the framework for assessing the smart growth strategy will be genuinely able to inform governance, which, must therefore play a proactive role in promoting public participation and the smart growth narrative.

**BEYOND GDP**

The theory underpinning the concept of smart growth as a replacement for a model linked closely to GDP can be viewed as a holistic principle that combines sustainability and competitiveness to generate synergies. Sustainability originally contained three pillars (economic, social, and environmental) and a dual approach to long-term development based on equity. Competitiveness is conceived as the capacity of a system – nation or organisation – to innovate, upgrade and be proactive in the face of change. By combining the triple bottom line with the double-sided approach to equity, the concept of sustainability that emerges points towards a growth model based on producing long-term economic value, which entails ensuring that all generations have access to resources thanks to high levels of employment, competitiveness and investment. Accordingly, competitiveness, in that it encompasses innovation, investment and skilled work, is the foundation for sustainability. In this way, the competitiveness of the system becomes the main driver of territorial, economic and social cohesion.

Sustainability and competitiveness are therefore two sides of the same concept – smart growth. Thus, competitiveness leads to sustainability, which in turn creates the conditions for long-term economic value, to be spent on research and innovation, thereby generating more competitiveness. In this way, the virtuous circle of smart growth is generated. Therefore, a supportive theory for smart growth could take the original concepts of sustainability and competitiveness and go further by combining them in order to create a narrative for public legitimacy. This is also the first step in creating a participatory framework for assessing the whole spectrum of wellbeing, conceived in terms of smart growth.

Recent developments in the conceptualisation, assessment and governance of smart growth are based on the concept of sustainable competitiveness, in which capabilities, skills, and facilities for
innovation and technological development are combined with the three pillars of sustainability. In this way, the theory of smart growth can support the shift from Europe's current austerity-centred paradigm towards a paradigm based on strategic and inclusive economic growth. An effective "smart growth" economic policy should introduce reforms aimed at sustainability and competitive growth by promoting investment in R&D, job creation, increased productivity and social inclusion.

This theoretical framework can deliver the democratic legitimacy necessary for the political pillar, which relates to the credibility and confidence provided by governance and to the ability of policies to respond effectively to social needs and societal issues connected with growth and development. In this regard, the political pillar can be divided into sub-pillars related to 1) monetary and financial goals, 2) the economic interdependence of the Member States, and 3) the social effects of the economic adjustments needed to achieve the Europe 2020 objective of inclusive growth.

4. Strengthening governance through civil society participation – participatory governance from civil society

PUBLIC LEGITIMACY

Smart growth needs public legitimacy in order to be effective. Within the definition of a growth framework based on competitive and sustainable progress, public deliberation ensures the necessary legitimacy.

The poor economic activity caused by insufficient macroeconomic coordination and policies and the prevalent technocracy have led to a loss of public trust in national and super-national government. Civil society is worried that current European policies will not be able to deliver a return towards the original goals of an inclusive Europe for smart growth. The situation will not change if the focus is placed exclusively on economic growth, without ensuring that it is sustainable – i.e. able to guarantee conditions of environmental, economic and social equity for the current and future generations – and without taking proper account of the negative social impact of current macroeconomic policies.

The different rates of economic growth being experienced by the Member States have increased regional sentiments at the expense of a Union-wide identity and the majority of Europeans still think of Europe as a continent and not as their nation (see maps 4.1–4.6). This situation has been sharpened by the lack of a common denominator in key areas of regulation. The current harmonisation pathway for Member States is characterised by inflexible procedural rules and mechanisms for pursuing stringent and mostly uniform economic and financial goals, without taking into consideration cultural differences, divergent needs, and specific skills.

The main reason for defective macroeconomic policies lacking coordination and being unable to take account of important regional differences is the weak links between the short-term and long-term goals of the current European governance. Although the Europe 2020 strategy established long-term objectives, these are completely absent from the recommendation process for country-specific reforms. Indeed, the European Semester policies often impede the achievement of the Europe 2020
goals. For example, fiscal austerity has led to a reduction of investment capacity in R&D, innovation and education and in measures aimed at economic expansion and sustainability (the graph set out in figures 4.1 and 4.2 illustrates the trends in EU27 general government expenditure on education and research and innovation). It is now clear that the smart growth goals of Europe 2020 are mostly incompatible with the economic goals of the European Semester.

In order to ensure that macroeconomic policies devoted to achieving smart growth and sustainability are more coordinated, the opinions of stakeholders at national level will need to be given greater prominence in governance processes. Similarly, decision-making processes relating to European governance and the implementation of the EU’s economic and social priorities need to be opened up to the members of civil society. By giving a voice to those who are directly impacted by fiscal, economic and social policy reforms, policy makers will be able to plan effective and targeted measures for smart growth. Involving interested parties could improve the process of drafting policies at local, regional and national level, as well as their implementation, designing resilient systems based on inclusive and participatory processes that can respond effectively to unforeseen crises. One of the fundamental conditions for smart and sustainable growth is the ability of EU governance to stay tuned to citizens’ concerns, by allowing all civil society players to play an equal part in working towards and reaching a common agreement on the meaning of wellbeing.

THE POLICY MAKING PROCESS: THE NEED FOR STAKEHOLDER INVOLVEMENT

Strategic alliances at the national and international level ensure that key stakeholders are included in the policy-making process, thereby supporting consensus-building and awareness-raising. Direct involvement of the citizens in the definition of political priorities is intended to allow policy makers to collect relevant information for building the framework for "GDP and Beyond" policies, which should comprise both an effective monitoring system and measures able to generate a virtuous cycle of smart growth for competitiveness and sustainability. The involvement of Civil Society Organisations (CSOs) in the European Semester ought to ensure the planning, implementation and evaluation of the best policies, able to promote smart growth via social inclusion and cohesion, so as to produce positive changes for the whole of European society. However, in practice, this attempt at stakeholder involvement has proved to be a failure.

Much remains to be done in order to create effective smart growth governance based more on solid collaboration among the European institutions, national governments, social partners and civil society as a whole. The social partners and other civil society organisations, which cooperate according to national practices, can be consulted for the preparation of the Annual Growth Survey (AGS) in relation to the country-specific recommendations (CSRs). It is still very difficult for civil society to be effectively involved in the European calendar, due to the rigid time frame and scarce resources. One option would be to organise the national part of the consultation process outside this calendar. The consultation of CSOs and other social partners on CSRs could take place at national level whilst the Commission worked on preparing the CSRs. Following the national consultation, the representatives of the social partners could then discuss national evidence at EU level within the overall recommendations.
Furthermore, clear procedures should be established in order to create a pathway for stakeholder participation at national level, consisting in concrete steps and measures for involving civil society in the elaboration of NRPs. Since the implementation of NRPs includes evaluation of the quality of national administration, this review process should involve all stakeholders and be subject to oversight by the Commission. The achievement of Europe 2020 goals depends primarily on the quality of the work of national administrations and therefore all potential improvements to this work need to be detected as soon as possible. Lastly, the Commission could engage in a more formal consultation during the preparation of the AGS, and the Europe 2020 Steering Committee could develop new collaborations with other national consultative bodies in addition to the existing partnerships with economic and social councils (ESCs).

Improving and increasing the involvement of civil society in these processes could be the first step towards the definition of genuinely participatory European governance grounded in transparent procedures. The priority is for the European Semester to be applied and communicated more effectively.

**STRATEGIC APPROACH: PRACTICAL MEASURES AND COMMUNICATION**

The European Semester plays a fundamental role in the process of harmonising and adjusting the economies of the Member States. Improvements to the way it operates should follow two key lines: firstly, strengthening its strategic approach to economic union, and secondly, extending its operational scope. In relation to the first, the European Semester's strategic approach to economic union should integrate the goals of the Europe 2020 strategy to the extent that they refer to sustainable – and subsequently long-term – growth based on competitiveness and wellbeing for all Member States. This means going beyond the austerity approach without diminishing the focus on fiscal consolidation, and defining measures and monitoring processes for achieving long-term economic competitiveness.

Recognising and accepting the differences characterising regional economies and factoring them into the European Semester would allow local differences to be turned into strengths that can be capitalised on and avoid processes of economic standardisation and cultural flattening. The compliance of overall European economic governance with the NRPs should also be guaranteed more fully in order to deliver national policies based on (smart) growth rather than on stringent recovery. Specifically, national parliaments could be admitted to the discussion process proper for the Semester, together with the social partners and other civil society organisations. This would entail enlarging the operational scope of the European Semester in order to overcome the current technocratic setting, which is hampering its full implementation.

Moving towards participatory European governance from civil society means communicating more effectively with the public about European strategies and governance in order to inform citizens and involve them actively in building a feeling of belonging to a common European entity, but one founded on differences, which should no longer be seen as weaknesses, but as strengths. Communication is the first step towards this commitment. Ensuring that civil society and the social partners are informed helps the authorities to understand the concerns of citizens and businesses. Through mutual cooperation between the European institutions and civil society in a continuous top-down / bottom-up process, social concerns may be successfully addressed and so solved.
The members of the EESC and its networks could contribute to the involvement of civil society by structuring processes and procedures for disseminating information and communicating, either via existing forums or using new arenas.

5. **Policies to leverage the Europe 2020 strategy**

**POLICIES FOR BOOSTING SUSTAINABLE COMPETITIVENESS**

A strategy for sustainable competitiveness will need to be supported by policies fostering a transition towards a circular economy based on efficient use of resources, in which enterprises can innovate, reduce costs, expand their markets and create new jobs by continuing to invest in sustainable production methods. To this end, measures need to be taken both to improve the conditions of the key players involved in the process of relaunching European competitiveness and to solve structural problems, in order to re-launch and upgrade industrial production through the use of more sustainable processes and methods. In addition, welfare should also be supported by promoting sustainable and innovative infrastructure and services. These goals could be combined effectively to support the improvement public-private collaborations and the better use of the European Structural and Investment Funds and of financial instruments in general.

In order to launch the long-term transition to a resilient, competitive, resource-efficient and inclusive EU economy, the EU will have to extend its planning horizon beyond 2020. The resilience approach of the EU 2020 strategy should thus not only contribute to increasing the EU countries’ capacity to absorb and cope with external shocks, but also constitute an opportunity in terms of adaptation to environmental change, better living conditions and economic opportunities, ensuring high standards of economic performance, social inclusion and territorial cohesion (Figure 5.1).

The revision of the Europe 2020 strategy should be tied in with the United Nations Post-2015 agenda and complemented with a more strategic and long-term time horizon. To these ends, the UN’s future Sustainable Development Goals for 2030 will have to be translated into a sustainable development process specifically for Europe. Moreover, in accordance with the theory of smart growth based on sustainable competitiveness, the strategic vision could be extended far beyond 2030. Indeed, various scenarios looking at where Europe might be in 2050\(^9\) have already been put forward, suggesting, for instance, that greater production and consumption of high quality products and consumption could increase growth in general and income levels in particular\(^10\).


\(^10\) Aiginger 2014.
CROSS-CUTTING POLICIES

Horizontal (cross-cutting) policies should be devoted to creating more opportunities for employment and entrepreneurship so that they can stimulate consumption by encouraging wage rises and better income distribution. This means establishing suitable conditions for workers, private businesses and social enterprises, which are the key players in European competitiveness.

The means of tackling the increasing fragmentation of the labour market and unemployment is to create jobs that require greater skills and know-how. Steps should be taken, therefore, to make sure that the European common market can ensure fair competition for people with mid-level qualifications and to enhance the mobility of workers and professionals with medium and high degrees of specialisation. It is essential that education and lifelong learning systems are attuned with labour market requirements. It is also vital that entrepreneurship education be able to support the acquisition of the right skills to make the most of human capital. Indeed, measures to support business start-ups, entrepreneurship and SMEs are fundamental.

With regard to SMEs, a modern business culture must be promoted which, based on the priorities set by the “Small Business Act”\(^\text{11}\) and “Entrepreneurship 2020”\(^\text{12}\), can help businesses use the opportunity presented by access to European funding and technological innovation as a development lever to support competitiveness and employment. Consideration must also be given to the possibility of promoting specialised assistance for SMEs in specific areas such as start-ups, internationalisation, tapping into the capital market, research, development and innovation, in order to enable these enterprises to compete on the global market, which is also characterised by arduous red tape and unfair practices.

In the context of the European social model, social enterprises are drivers of innovation and vehicles for creating jobs, sustainable growth and cohesion at local and regional level. They introduce new and flexible methods of delivering services and innovation in products, processes and organisations.

SECTORAL POLICIES

Sectoral or vertical policies should represent pillars guaranteeing the effective re-launch of the Europe 2020 strategy for sustainable and competitive growth. The focus should be on industrial policy renewal, energy policy unification, strengthening research and innovation and on promoting factors for boosting the competitiveness of the European economic system most linked to the welfare system and to the fight against poverty and social exclusion.

One of the factors in boosting European industrial policy must be to promote competitiveness with steps capable of effectively supporting the integration of sectoral value chains, which are increasingly

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based on the sharing of tech-knowledge among operators and the creation of effective relationships between the public and private sectors. The new industrial policy should also allow the opportunities arising from the green economy to be better grasped, in order to guarantee the shift of the current European production and consumption model towards a sustainable growth system linked to the Post-2015 Development Agenda and Sustainable Development Goals. The blue economy sector is strategic because it enables the development opportunities associated with the main value chains to be transformed into economic, environmental and social benefits for European businesses and citizens.

Promoting a common EU energy policy is essential in order to re-launch the industrial policy. In this regard, energy prices will need to be reduced through interventions devoted to improving conditions for the internal energy market, specifically via reducing energy dependency on non-EU states and promoting renewable energies.

In any case, the strategy for sustainable and competitive growth will have to address the issue of sustainable innovation. This will entail developing research and innovation (R&I) policies by stepping up financial support for research, development and innovation activities and supporting closer cooperation between universities, research institutions and businesses in all Member States (see the potentiality associated with the development of the high-tech industry in figures 5.2-5.6 and in maps 5.1-5.2). In addition to harnessing information and communication technologies (ICT) and digitising the economy, steps must be taken to promote the development of dynamic public agencies that are able, in turn, to boost opportunities for financing, thus ensuring the vital link between science and industry.

Although innovation and sustainability were included amongst the goals of the original Europe 2020 strategy, they have been ignored in order to pursue fiscal recovery. In order to monitor the effectiveness of policies focusing on sustainable innovation for smart growth, complementary indicators focused on ecological innovation outputs and resource productivity and efficiency must be integrated within the policies' governance (figures 5.7-5.8).

POLICIES SUPPORTING WELFARE AND SUSTAINABLE INFRASTRUCTURE

The implementation of effective welfare policies could contribute to boosting the EU’s competitiveness by preventing and countering risk factors at both the individual and collective levels. Promoting welfare will mean ensuring that the social economy is deployed in the strategically important areas of personal assistance and care services. In the light of the projected population ageing in Europe, it is crucial to ensure that people have the opportunity to age in good health and security.

14 2012 European Commission report on ageing.
Greater efforts also need to be made to protect health and safety in the workplace. Political action should be taken to ensure an inclusive labour market, including greater support for the integration of people with disabilities and the gender dimension, and wider prevention of discrimination and exclusion on the grounds of race, ethnic origin, age and sexual orientation.

The EESC believes that to support the Europe 2020 strategy, we need to promote an ambitious plan for tangible and intangible investments in infrastructure and social investment, aimed exclusively at restoring the EU's competitiveness. The Council should approve the additional appropriations needed to finance the plan and the Commission should monitor its efficiency and effectiveness at the same time as it monitors each country's structural reforms.

Infrastructure investments should focus on two main strands. The first seeks to ensure the maintenance, restoration and modernisation of both natural and built architectural heritage, and of transport networks (rail, road and sea). Initiatives to bring about the convergence of European infrastructures into a pan-European infrastructure would be welcome and would require coordinated action to increase resilience and efficiency throughout the territory of the Union. The second strand would cover intangible investments linked to the development of information and communication technology networks. These investments could be funded through the involvement of the European Investment Bank, the issuing of specific European bonds and the reorganisation of the Multiannual Financial Framework programming for 2014-2020. In addition, Structural Funds could be used both to finance small projects devoted to developing innovation incubators and accelerators such as industrial parks and software centres and to support intangible investments in general and systemic solutions (energy systems, car sharing, recycling and recharging).

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15 As proposed by Mr Jean-Claude Juncker, candidate for President of the European Commission, in Political Guidelines for the next European Commission, 15 July 2014, Strasbourg.
6. References


APPENDIX A
The employment rate in the EU has stagnated in recent years and remains below the Europe 2020 target. This trend is influenced by a combination of the negative impact of the crisis and the time required for policies and reforms to support employment to translate into real results. The forecast for 2020 is 71.8%.

Spending on research and development in the EU remains almost one percentage point below the target of 3% of GDP set by the strategy, and is estimated to reach around 2.2% by 2020. The very low level of private investment and the somewhat unambitious goals set by many Member States have had a negative impact on achieving these targets.

In relation to the "20-20-20" targets for climate change and energy sustainability, the EU is clearly on track and is expected to fully achieve them by 2020.

The forecasts for greenhouse gas reduction are positive (24% by 2020), as they are for the impact of the share of renewable energy in total final energy consumption (21% by 2020) while there is a clear need for further efforts to lower primary energy consumption through greater energy efficiency.

The EU 2020 target for education is also expected to meet the benchmarks set. It should be pointed out that this positive trend has been swayed by the adverse effects of the crisis, as poor employment opportunities push "young people" to remain longer in education and training.

The 2020 target for early school leavers is achievable, provided, however, that Member States maintain their level of commitment. Despite the fact that in 2012 nine Member States had already reached the rates laid down, it can be seen that they had set less ambitious objectives than other Member States.

Progress has been made towards achieving the objective of increasing to at least 40% the share of the population aged 30-34 with a tertiary level of education, and the target is expected to be passed by 2020.

Due to the direct and indirect effects of the crisis, levels of poverty and social exclusion are increasing rather than decreasing. The EU target of reducing the number of people at risk of poverty or social exclusion by 2020 to 96.4 million is unlikely to be achieved and the figure could be some 124.2 million.

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16 All the studies refer to the data contained in Taking stock of the Europe 2020 strategy — COM (2014) 130 final.
Map 2.1 – GDP per head (PPS), 2011.


Map 2.3 – Growth of GDP per head in real terms: 2008-2011.

Figure 2.1 – Contribution of household income, longevity, unemployment and income inequality to growth in multidimensional living standards before the crisis: 1995-2007.

Source: OECD calculations based on OECD Annual National Accounts, OECD Income Distribution Database and OECD Health Database.

Figure 2.2 - Growth of multidimensional living standards and GDP per capita during the crisis: 2007-2011.

Source: OECD calculations based on OECD Annual National Accounts, OECD Income Distribution Database and OECD Health Database.
Map 2.4 – Employment rate (20-64 y.o): 2013.

Map 2.5 – Distance to national EU 2020 target.
Map 2.6 – Early school leavers from education or training aged 18-24 y.o., average 2011-2013.

Map 2.7 - Early school leavers from education or training aged 18-24 y.o., average 2011-2013 – Distance to national EU 2020 target.
Map 2.8 – Total expenditure on R&D: 2011.

Map 2.9 – Total expenditure on R&D on 2011 – Distance to national EU 2020 target.
Map 2.10 – Population at risk of poverty or social exclusion: 2012.

Map 2.11 – Population at risk of poverty or social exclusion: 2012. Distance to national EU 2020 target.
Map 2.12 – At risk of poverty rate: 2010-2011.

% of population aged 25–64
- < 5
- 5 - 7
- 7 - 10
- 10 - 15
- EU-28 = 10.4
- The Europe 2020 target is 19%

Source: Eurostat
Map 3.1 – Europe 2020 Index: 2011 - Distance to EU 2020 National Targets.

Map 3.2 – Europe 2020 Index: 2011 – Distance to EU 2020 Targets.
Figure 3.1 – Cumulated real growth of GDP & aggregate Gross Disposable income for Household in the euro area (2005q1=100).

Source: Eurostat, National Accounts.

Note: Cumulated growth since the first quarter of 2005 of GDP volumes and of aggregate household gross disposable income in real terms (i.e. deflated by price index for final consumption expenditure of households).

Source: European Commission (2014) [b].
Map 4.1 Unemployment rate: 2013.

Map 4.2 Change in unemployment rate 2008-2013.

Map 4.4 - Population aged 15-24 not in employment, education or training (NEET) 2013.
Map 4.5 – Difference between female and male unemployment rate

Map 4.6 – Difference between female and male employment rates, 20-64 (2013)
Figure 4.1 - EU-27 General Government expenditure on education as percentage of GDP: 2002-2012

Figure 4.2 – Trend in government Research and Innovation expenditure as % of government expenditure: 2007-2012.

Note: Government budget appropriations or outlays for research and development as % of government expenditure.

**Innovation leaders**: Denmark, Finland, Germany, Sweden, United Kingdom.

**Innovation followers**: Austria, France, Ireland, Luxembourg, Nederland.

**Innovation laggards**: Belgium, Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovenia, Slovakia, Spain.

This classification is based on the European Commission’s Innovation Union Scoreboard indicator for innovative performance pre-crisis (2007); countries are classified according to whether they are well above, around or below the EU average score. Source: EU Innovation Union Competitiveness Report 2007.

**High fiscal consolidation**: Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovakia, Spain.

**Low fiscal consolidation**: Austria, Belgium, Denmark, Finland, France, Germany, Luxembourg, Malta, Nederland, Slovenia, Sweden, United Kingdom.

This classification is based on budgetary consolidation position: countries with an above-median cumulative change in their structural primary balance since the year in which consolidation started (the year with the lowest negative structural primary balance in the period 2008-10). Source: EUROSTAT and AMECO. Also included in the high fiscal consolidation group are the Economic Adjustment Programme countries.

Figure 5.1 – Conceptual framework for the resilience systems analysis
Figure 5.2 – Index of production for total industry and main technology groups in manufacturing, EU-27, 2005-2012 (seasonally adjusted (2005 = 100)).


Figure 5.3 – Share of different technology levels in total manufacturing, value added at fact cost, EU-27, 2010.

Figure 5.4 – EU-27 Employment change versus 2000 by sector (2000-2011).


Figure 5.5 – EU-27 High-Tech Employment Share of Total (2000-2011)

Figure 5.6 - Employment Change by Country and Sector (2000-2011).

Note: Bulgaria, Poland and Romania are excluded because insufficient data.

Map 5.2 – High-Tech Employment Concentration by NUTS-2 Region (2011)

Figure 5.7 – Resource productivity in comparison to GDP (Gross domestic product) and DMC (Domestic material consumption), EU-27 (index 2000 = 100).

Note: Resource productivity monitors the amount of gross value added (measured as GDP) that an economy generates by using one unit of material (measured as domestic material consumption).

Source: Eco-Innovation Observatory (2013).
Note: The EIO Methodological report (EIO 2010) developed a framework for analysing eco-innovation. It defined eco-innovation as: “... the introduction of any new or significantly improved product (good or service), process, organisational change or marketing solution that reduces the use of natural resources (including materials, energy, water, and land) and decreases the release of harmful substances across the life-cycle.” EIO 2010.

Source: Eco-Innovation Observatory (2013)
APPENDIX B
Appendix B: European Semester-Towards a new civil society’s calendar

European Semester
Towards a new civil society’s calendar

October
- Commission: AMG AGS
  - Opinion AGS

November
- Council of the EU: Final report on implementation of local & regional authorities

December
- European Council: Final report
- European Parliament: Opinion AGS

January
- National Governments: Draft budgetary plans
- National Parliaments: EPW

February
- National ESCs: Europe 2020 SC+
- Regional Governments: Starting point consultation draft RRP
- Regional ESCs: List of abbreviations

March
- Bilateral meetings: Consultation draft IRPs

April
- Examin NRP
- Consult draft CSR
- National Parliaments: EPW
- National ESCs: Consultation draft IRPs

May
- Examin NRP
- Consult draft CSR
- Regional Governments: Contribution RRP

June
- Europe 2020 SC+
- Meeting with EC
- Contribution RRP + IR (annex)
**List of abbreviations**

**AGS:** Annual Growth Survey

**AMR:** Alert Mechanism Report

**IDRs:** In-depth reviews

**CSRs:** Country-specific recommendations

**IR:** Integrated report (EESC + national ESCS).

**Stab/Conv.Progs:** Stability and Convergence Programmes

**NRPs:** National reform programmes

**RRPs:** Regional reform programmes

**EC:** European Commission

**EESC:** European Economic and social Committee

**ESCs:** Economic and social councils and similar institutions

**Europe 2020 SC+:** Europe 2020 Steering Committee including national Economic and social councils and similar institutions.

**Spring EC:** Spring European council

**EPW:** European Parliamentary week.

↑: Input

↓: Mutual information.

Changes in the current calendar are in red.
SC/039
Taking stock of the
Europe 2020 strategy

Brussels, 15 October 2014

OPINION
of the
European Economic and Social Committee
on the
Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth
COM(2014) 130 final

Rapporteur: Stefano Palmieri
On 16 May 2014, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the

*Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth COM(2014) 130 final.*

The Subcommittee on Taking stock of the Europe 2020 strategy, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 5 September 2014.

At its 502nd plenary session, held on 15 and 16 October 2014 (meeting of 15 October), the European Economic and Social Committee adopted the following opinion by 168 votes to 7 with 6 abstentions.

*  *  *

1. **Introduction**

1.1 Four years on from the introduction of the Europe 2020 strategy (EU 2020), the European Commission has published a communication entitled *Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth* and has embarked on a public consultation 17 on the strategy in preparation for its mid-term review.

1.2 This opinion, a formal response to the Commission referral, also forms part of the EESC's integrated assessment responding to the request for an exploratory opinion on the forthcoming mid-term assessment of the Europe 2020 strategy made by the Italian Presidency of the Council of the European Union.

1.3 The EESC is preparing a comprehensive mid-term assessment of the Europe 2020 strategy, which will comprise the following documents:

- a project report aimed at exploring in greater depth the conceptual and practical aspects of Europe 2020's governance;
- the present opinion, SC/039;
- contributions from the Committee's sections and CCMI, observatories and Liaison Group with European civil society organisations and networks;
- contributions from national ESCs and similar organisations;

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1.4 The package forming the EESC’s mid-term assessment will be presented at the high-level conference organised under the Italian Presidency of the Council of the European Union, on *Towards a more effective Europe 2020: civil society’s proposals for boosting social inclusion and competitiveness in Europe*, which will take place on 4 and 5 December 2014 in Rome.

1.5 With a view to presenting the proposals for reform of the Europe 2020 strategy drawn up by the different EESC internal bodies and which have been discussed in depth at the meetings of the working groups, recommendations have been included in point 4: *The EESC's recommendations to ensure a genuine reform process for the Europe 2020 strategy.*

2. **The Europe 2020 strategy's first four years: the effects of the crisis on long-term trends**

2.1 The Europe 2020 strategy was born out of the laudable intention of boosting the EU’s competitiveness and employment - targeting structural issues - and at the same time ensuring economic, social and territorial cohesion for its citizens. It is against this already difficult backdrop that we have experienced one of the deepest crises of the last eighty years in terms of intensity and duration, with far-reaching consequences for the strategy itself.

2.11 The crisis has aggravated the already widespread economic and social disparities within the EU, highlighting differences in terms of competitiveness and social cohesion, increasing the tendency towards polarisation of growth and development, with obvious constraints in terms of fair redistribution of income, wealth and well-being, between the Member States and, within them, between the regions of Europe.

2.2 An analysis of the development and consequences of the crisis - based on a reading of the Commission communication and its annexes - shows how it has adversely affected implementation of the Europe 2020 strategy, in terms of the effectiveness, appropriateness and legitimacy of its governance model and targets.

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20 For reasons of space, this opinion does not include all the statistical data presented in the two documents referred to: COM(2014) 130 final - Annexes 1 to 3.
2.3 Since the architecture of the EU's economic governance is heavily geared towards austerity policies, it has put the achievement of the Europe 2020 strategy's medium- and long-term goals in second place after fiscal discipline.

2.3.1 The EESC considers that action is needed, in order to strengthen the policies designed to consolidate public finances in some Member States. It points out, however, that while austerity policies may boost competitiveness and cohesion if implemented during a period of economic growth, if applied "automatically" in a period of recession, which is the situation currently faced by most Member States, such policies have a detrimental effect on growth. This is demonstrated by the fact that in many Member States, these policies have not produced the expected results in terms of fiscal consolidation\textsuperscript{21}, which has slowed down or even delayed economic recovery and exacerbated already worrying situations of social disintegration.

2.4 Management of the crisis by means of the EU's economic governance has hampered progress on the strategy's medium- and long-term targets. In some Member States, this has created problems that could in some cases become structural barriers and limits to the EU's economic development and social cohesion.

2.5 Today, despite some encouraging results achieved in: A) combating climate change and in promoting sustainable energy, and B) education and reducing early school leaving, there are extremely worrying signs regarding spending on research and development (R&D), the labour market and the fight against poverty and social exclusion.

2.5.1 As regards expenditure on research and innovation (R&I) the crisis appears to have widened the gap between EU Member States; Member States under great pressure to achieve fiscal consolidation (often the same Member States that are lagging behind in innovation) have cut their public spending on R&I significantly\textsuperscript{22}. In the EU, spending on research and development (R&D) remains almost one percentage point below the target of 3% and the projection for 2020 appears to stand at 2.2%, having been adversely affected by the low level of private investment and by the rather unambitious targets set by the Member States.

2.5.2 As regards the labour market, the employment rate in recent years, which has stagnated - remaining below the Europe 2020 target (68.4 % in 2013: 74.2% for men and 62.5% for women) - reveals some particularly worrying indicators:

- unemployment stands at 26.2 million;

\textsuperscript{21} In the 28 EU Member States in the period from 2007 (the last year before the crisis erupted) to 2013, public debt rose from 58.8% to 87.1%, which is an increase of 28.3 percentage points. For the 18 Member States in the euro area, the figure rose from 66.2% to 92.6%, or an increase of 26.4 percentage points. Eurostat database: General government gross debt.

9.3 million "discouraged" workers are willing to work but have given up looking for a job; 
12 million people have been unemployed for more than a year; 
since 2008, (the first year of the crisis) six million jobs have been lost in the EU (with all that this implies in terms of loss of professional skills and know-how); 
5.5 million young people (under the age of 25) are unemployed.

This is a situation that is already particularly worrying and which, in some EU Member States, is worsening for young people, for those who have been pushed out of the labour market having reached a certain age and for women on the labour market.

2.5.3 With regard to people at risk of poverty and social exclusion, between 2009 and 2012, the figures rose from 114 million to 124 million. This is a trend that could further deteriorate, bearing in mind any delayed impact of the crisis. The EU target for reducing the number of people at risk of poverty or social exclusion to 96.4 million - by 2020 - will be hard to achieve, given that by 2012, the figure already stood at 28 million above the target.

2.5.4 What makes an already serious situation even more problematic is the rise in the number of people living in a state of material deprivation and the percentage of people of working age living in households in which no one works.

2.5.5 The crisis has heightened the already considerable disparities between Member States, highlighting significant differences in terms of competitiveness and social cohesion. These disparities clearly demonstrate the need for proposals for reform to ensure that measures are as effective as possible where problems are most serious.

2.5.6 All these figures show very clearly how it is important to focus on investments on growth to support competitiveness and conditions for companies, particularly SMEs, to be able to maintain and create jobs.

3. **Analysis of the key strands of the Europe 2020 strategy: governance, targets, participation and implementation**

3.1 An analysis of the results achieved so far clearly reveals a strategy that has proved to be largely insufficient to achieve the targets it has set itself. A process of reforming the Europe 2020 strategy should be carried out in order to make it efficient and effective, thereby averting the danger that it might fail, as happened with the Lisbon Strategy that preceded it. It is highly important to focus on a number of objectives, to ensure coherence among them and guarantee their implementation.

3.2 The Europe 2020 strategy's main problems can be seen in the areas of governance, the targets set, civil society participation and its implementation.
3.3 The EU 2020 system of governance is weak and ineffectual in compelling Member States to honour their commitments to achieving the targets (and the flagship initiatives) contained in the strategy.

3.3.1 The architecture of the strategy's governance has formalised a structural distortion in which economic aspects take precedence over social and environmental governance, subordinating the Europe 2020 targets to the macro-economic priorities of the European Semester, thereby jeopardising achievement the targets for EU competitiveness and social cohesion and sustainable management of natural resources.

3.3.2 The European Semester, which begins with the Annual Growth Survey (AGS) and ends with the drafting of "country-specific recommendations" has often set priorities that do not effectively contribute to achieving the Europe 2020 strategy's targets. What is more, the country-specific recommendations are not taken on board by the Member States when framing their annual national strategies (national reform programmes) or in the related decisions on the budget, structural reforms, employment policies and social policies.

3.4 When the Europe 2020 strategy was drawn up, the setting of proposed targets and related indicators was not only not binding; it was not subject to a process of consensus-building among the European public. To date, with the exception of targets for the reduction of greenhouse gas emissions and for the use of renewable energy sources, which are covered by a legally binding framework, each country has been able to set its own targets, which have often been unambitious.

3.4.1 The quantitative measurement of the targets is not backed by a qualitative assessment: the "smartness" of a socio-economic system cannot be measured solely on the basis of quantitative indicators such as research spending or the number of new jobs created; use should also be made of qualitative indicators such as the type of innovations brought to the "market", and the quality of the jobs created.

3.5 The Europe 2020 strategy does not involve organised civil society adequately, at either national or European level. The reasons for this are as follows:

- the limited measures to communicate and disseminate the Europe 2020 strategy have meant that it is principally experts in the field that are familiar with it and involved in it;
- the reluctance of some Member States to involve organised civil society in the process of planning measures to be carried out under the Europe 2020 strategy;
- the lack of a real link between civil society action at European level and at national and local level;

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the steps taken to tackle the effects of the crisis (including the European Semester timetable) overlap with Europe 2020 initiatives, making it more difficult for the social partners and civil society representatives and economic partners to understand the process of developing the strategy and to take part in it;

- the inadequate financial resources available do not permit organised civil society to be involved in the Europe 2020 strategy in a meaningful and effective way;

- an inadequate involvement of the social partners in the consultation process in the framework of the European Semester in some countries.

3.6 Despite the procedures agreed at the European Council, the numerous cooperation programmes currently running in the EU and the awareness that the challenges and targets set out in the Europe 2020 strategy cannot be addressed effectively through the action of individual national systems on their own, implementation of the Europe 2020 strategy has suffered from a lack of genuine cooperation and solidarity between Member States.

3.7 The flagship initiatives could have made a decisive contribution to coordinating European and national policies to help achieve the targets set in the Europe 2020 strategy, in order to boost economic growth and employment through more efficient use of levers for development and through the opportunities offered by the Structural Funds\(^{24}\), European territorial co-operation\(^{25}\) and programmes under direct management. The flagship initiatives should be more manageable and understandable, with greater interactions and without any overlaps.

THE EESC’S CONCLUSIONS AND RECOMMENDATIONS FOR GUARANTEERING A GENUINE PROCESS OF REFORM FOR THE EUROPE 2020 STRATEGY

4. **Towards a new conceptual framework for the Europe 2020 strategy**

4.1 The EU faces a double challenge: on the one hand, it must as soon as possible find a way out of the crisis that has caused such disruption to its economic and social system; on the other, it needs to strengthen the model of smart, sustainable and inclusive growth proposed by the Europe 2020 strategy in order to tackle the structural causes of the European system's lack of competitiveness.

4.1.1 Against this backdrop, the EESC deems it necessary to promote a development model in which the EU Member States, while continuing to pursue structural reforms geared to consolidating and ensuring the reliability of national finances, can - at the same time - support the implementation of policies that can: promote European competitiveness and its main stakeholders (workers, private businesses and social enterprises); promote the quantitative and qualitative growth of European investment (tangible, intangible and social); create more and


better jobs; support social and territorial cohesion and address the problems related to high unemployment and rising levels of poverty and social exclusion.\(^{26}\)

4.1.2 It would therefore be useful if economic and monetary union were made a factor for stability and for more robust and resilient growth, enhancing the Union’s overall attractiveness as a location for production and investment, exploiting the full potential of all aspects of the single market, investing and making Europe’s economy fit for the future, promoting a favourable climate for entrepreneurship and job creation, supporting environmental sustainability and building a stronger welfare system to cope with the changes and social problems.

4.2 The EESC considers that the proposal for a radical reform of how the EU 2020 strategy is implemented requires a thorough rethink of key concepts and aspects of the strategy that was introduced four years ago, as regards: the very development concept underpinning the strategy itself, the way in which targets are identified, as well as the policy for achieving, monitoring and evaluating them, the establishment of an efficient and effective multi-level governance of the strategy and improving participation by the European public and by civil society organisations.

4.3 To ensure that the development promoted by a reform of the EU 2020 strategy is truly sustainable, its holistic approach must be strengthened by combining the economic targets with the social and environmental ones. An approach should be adopted geared towards harnessing all possible forms of capital in space and time, thus meeting the needs of the present without compromising those of future generations.

4.3.1 The concept of sustainable development should be linked with the relevant Europe 2020 targets, in line with those set out in Article 3(1)(2) and (3) of the Treaty on European Union\(^{27}\), promoting economic, social and territorial cohesion through greater cooperation and solidarity between Member States and through sustainable development based on balanced economic growth and a social market economy that is highly competitive and more focused on people’s well-being, aimed at increasing competitiveness and full employment.

4.3.2 The Europe 2020 strategy must also reflect the role of the EU in the global context. The revision of the Europe 2020 strategy must tie in closely with the United Nations Post-2015 Sustainable Development Agenda\(^{28}\) and provide for the proper implementation of the global Sustainable Development Goals in and by the EU.

4.3.3 In order to launch the long-term transition to a resilient and competitive, resource-efficient and inclusive EU economy, the EU will have to extend its planning horizon beyond 2020.

\(^{26}\) Please see further the research project at [http://www.foreurope.eu/](http://www.foreurope.eu/).

\(^{27}\) OJ C 83, 30.3.2010.

Therefore, the revision of the Europe 2020 strategy should be urgently complemented with the initiation of a participatory process leading to an integrated political strategy for a sustainable Europe in a globalised world, with a time-horizon of at least 2030.

4.4 In line with the application of a holistic approach to the concept of sustainable development in the Europe 2020 strategy, greater support should be given to the targets' qualitative aspects. Growth means naturally increasing in size and thus implies a quantitative dimension, while development means increasing in quality and potential. The qualitative aspect of development can be harnessed by tapping into and building on a socio-economic system's specific characteristics and potential.

4.4.1 The Europe 2020 strategy's targets should no longer be subordinate to economic and budgetary targets but rather be on an equal footing, as part of a new framework of economic, environmental and social governance, especially in the context of the European Semester and, consequently, of the AGS, the national reform programmes and the country-specific recommendations.

4.4.2 The EESC reiterates that it is essential to identify a complementary measurement system to GDP in order to measure the impact of policies adopted in relation to society, families and individuals. In this context it will be necessary to implement the social scoreboard and to guarantee its real application within the European Semester.

4.4.3 It is therefore crucial to develop a monitoring system based on indicators that take account of households' disposable income, the quality of life, environmental sustainability, social cohesion and the health and overall well-being of present and future generations. With regard to the implementation and management of the new monitoring system, the EESC believes that a new structure should be set up, involving the relevant institutions.

4.5 The Europe 2020 strategy will only succeed if it has a form of multi-level governance designed to meet the many challenges that lie ahead, and if the general guidelines that have been agreed at European level result in tangible national and regional action.

4.5.1 The economic governance of the EU in general and of EMU in particular should therefore be strengthened, making it an integral part of the Europe 2020 strategy. This will make it possible to ensure the implementation of structural reforms, through an effective process of sharing and taking ownership by the Member States. There will consequently be a need to establish genuine cooperation in the steering, sharing, and monitoring tasks exercised by the institutions.

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European Council, the Competitiveness Council, the Commission and the European Parliament.

4.5.2 Member States must take due account of the country-specific recommendations adopted by the European Council, when drawing up the annual national strategies laid down in the national reform programmes and in decisions on budget, structural reforms, employment policies and social policies.

4.6 Organised civil society should be given a greater role in the various stages of the process of planning and implementing European policies. Achieving the Europe 2020 strategy targets should be supported by strengthening the role and involvement of civil society when drawing up the Annual Growth Survey, the national reform programmes and the country specific recommendations. This reinforcement should be achieved by adopting a more effective and fast-moving timetable for the European Semester, to enable organised civil society to put forward its assessments early enough to ensure it can contribute effectively to the decision-making process. This should take place at the three levels of governance covered by the strategy: European, national and regional.

5. Cross-cutting and sectoral policies to back up the Europe 2020 strategy

5.1 In order to make the Europe 2020 strategy a lever for competitiveness and cohesion to support sustainable and inclusive economic growth in Europe over the next five years, the EESC believes that there is a need to implement an integrated strategy comprising cross-cutting (or horizontal) policies and sectoral (or vertical) policies.

5.1.1 Cross-cutting (or horizontal) policies should have the task of establishing suitable conditions for promoting the key players in boosting European competitiveness: workers, businesses and social economy enterprises.

5.1.2 Sectoral or vertical policies should represent pillars guaranteeing the effective relaunch of the Europe 2020 strategy: industrial policy renewal, energy policy unification, strengthening research and innovation and promoting factors for boosting the competitiveness of the European economic system, linked to the welfare system and to the fight against poverty and social exclusion.\(^{31}\)

5.2 The key players in cross-cutting policies under the new Europe 2020 strategy should be workers, private businesses\(^{32}\) and social economy enterprises\(^{33}\).

\(^{31}\) For a closer look at the measures proposed, see EESC (2014) op. cit.

\(^{32}\) We use the all-encompassing term of business both for the individual businessman (whether self-employed, working in the liberal professions, paying an employee's social contributions, etc.) and for companies (micro, small, medium-sized and large).

\(^{33}\) The social economy encompasses SMEs, large companies, cooperatives, mutual aid societies, associations, foundations, social NGOs, etc.
5.2.1 Where social partners are concerned, the creation of quality jobs should be made a central priority for the EU 2020 strategy, as a tool for tackling the increasing fragmentation of the labour market and unemployment.

5.2.1.1 It is essential that education, retraining and lifelong learning systems match labour market requirements and developments.

5.2.1.2 Entrepreneurship education and the development of new approaches and learning systems should be promoted in order to equip people with the right skills to make the most of human capital.

5.2.1.3 It is important to promote and support the role of public employment services in guiding, integrating and re-integrating people into the labour market.

5.2.1.4 Greater commitment should be given to policies to support employment, especially for young people, for those who have left the labour market having reached a certain age, for women, and for people with differing abilities. It is also important to pay closer attention to the labour-related issues of people not included in official statistics because they are excluded from the labour market (such as homeless people or those without a permanent address, Roma, etc.).

5.2.1.5 It would be useful to set a new target under the Europe 2020 strategy: to halve youth unemployment by 2020.

5.2.2 As regards businesses, specifically SMEs, a modern business culture should be promoted which, based on the priorities set by the "Small Business Act"34 and "Entrepreneurship 2020"35, can help businesses transform the opportunity presented by access to European funding and technological innovation as development levers to support competitiveness and employment.

5.2.2.1 The conditions should therefore be guaranteed enabling economic operators to compete in a market where distortions caused by red tape and unfair and unregulated methods and practices are eliminated.

5.2.2.2 Consideration should also be given to the possibility of promoting specialised assistance for SMEs in specific areas such as start-ups, internationalisation, tapping into the capital market, research, development and innovation.

5.2.3 Social economy enterprises are key elements of the European social model, in that they are, especially at local and regional level, drivers of social innovation and vehicles for creating jobs, sustainable growth and cohesion. They introduce new and flexible methods of delivering services and innovation in products, processes and organisations.

5.3 A successful relaunch of the Europe 2020 strategy will depend on how effectively it manages to promote the following sectoral policies.

5.3.1 *Boosting European industrial policy* will guarantee that the competitiveness of European industry improves. The EU needs to regain its competitive edge where systems are concerned and to do so, it must have its own industrial policy. The manufacturing sector needs to regain a 20% share of GDP (in 2012, this stood at 15.3%).

5.3.1.1 What is needed is an industrial policy capable of promoting:

- the strategic integration of the value chain in the different sectors: manufacturing, agri-food and services;
- a commitment to high-tech and medium-high tech industries and knowledge-intensive services;
- the development of a European market that is able to ensure fair competition for mid-level qualifications and to promote the mobility of workers and those in the liberal professions with medium and high degrees of specialisation and of services;
- functional links between the public sector and operators of knowledge-intensive services so as to improve and enhance public sector productivity;
- the harnessing of development opportunities arising from the green economy and support for the EU’s ecological shift towards a production and consumption model that reflects the principle of sustainable growth (through links with the Post-2015 Development Agenda and Sustainable Development Goals)\(^\text{37}\);
- the strategically important "blue economy" sector, through innovation to convert the development opportunities associated with the main "value chains" (blue industry; blue logistics; blue tourism; blue food; blue energy; blue resources) into economic, environmental and social benefits for European businesses and citizens.

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5.3.2 It is essential to *promote a common EU energy policy*. Given energy's far-reaching implications for the economy, a serious industrial policy cannot take shape without common principles such as:

- adjusting and reducing differences in energy prices;
- improving conditions for the internal energy market;
- reducing energy dependency on non-EU States;
- promoting renewable energies.

5.3.3 Developing *research and innovation (R&I) policies, harnessing information and communication technologies (ICT) and digitising the economy* are areas that offer significant potential for boosting Europe's competitiveness. New forms of efficient and effective cooperation between the public and the private sectors could be developed here.

5.3.3.1 The Committee therefore advocates:

- promoting streamlined and dynamic public agencies able to boost opportunities for medium- and long-term financing so as to ensure the vital link between science and industry;
- taking action to promote the use of ICT, as a means of revitalising economic operators (SMEs grow faster when they make use of ICT);
- stepping up financial support for research, development and innovation activity and in all Member States supporting closer cooperation between universities, research institutions and businesses;
- promoting the digitisation of the economy, which provides an opportunity to combine private interest with public benefit, because it allows entrepreneurs to fully exploit the opportunities offered by the market, while at the same time making new digital products and services available to the public.

5.3.4 The EESC believes that it is essential to promote *factors for boosting competitiveness linked to the welfare system*. The implementation of effective welfare policies could be a particularly important factor for boosting the EU’s competitiveness, ensuring an environment in which risk factors that are unsustainable at individual level (for members of the public), can be countered through specific welfare policies. Greater efforts need to be made on protecting health and safety in the workplace. The EESC believes it is crucial to provide greater support for the integration of people with disabilities and the gender dimension and prevent discrimination and exclusion on the grounds of race, ethnic origin, age or sexual orientation.

5.3.4.1 In the light of projected population ageing\textsuperscript{40} in Europe, it is crucial to maintain and, if possible, build on the commitments given on the issue of demographic change. If the positive aspects that demographic change brings with it are to benefit both older people and society as a whole, a fundamental precondition - that of people having the opportunity to age in good health and security\textsuperscript{41} - must be met.

5.3.4.2 The EESC believes that economic policy measures should be subject to a prior impact assessment in order to counter measures that could raise levels of poverty or social exclusion.

5.3.4.3 Furthermore, an integrated strategy for active inclusion should be promoted to ensure:

- adequate income support;
- an inclusive labour market;
- access to high-quality work and services and the promotion of social innovation;
- deployment of the social economy in the strategically important areas of personal assistance and care services.

5.4 The EESC believes that to support the Europe 2020 strategy, we should promote an ambitious plan for tangible and intangible investments in infrastructure and for social investment aimed exclusively at restoring the EU's competitiveness\textsuperscript{42}. The Council must approve the additional appropriations needed to finance the plan, and the Commission must monitor its efficiency and effectiveness at the same time as it monitors each country's structural reforms.

In this regard the EESC would repeat the proposals it made in a recent opinion\textsuperscript{43}, firstly on the importance of public investment by the Member States, and secondly urging the attenuation, or temporary suspension during the crisis, of austerity policies.

In this spirit, the EESC recommends applying the rules of the Stability and Growth Pact with all the flexibility that the economic and social situation demands.

5.4.1 "Tangible" infrastructure investments should focus on two main strands. The first would be to ensure maintenance, restoration and modernisation of architectural heritage, both of historical buildings and housing, and of transport networks (rail, road and sea). Equally important is the maintenance and safeguarding of Europe's hydro-geological and coastal heritage. The second strand would cover "intangible" investments linked to the development of information and communication technology networks. Funding for this type of investment could be provided

\textsuperscript{40} 2012 European Commission report on ageing.

\textsuperscript{41} Opinion of the EESC on The European Year for Active Ageing, OJ C 51, 17.2.2011, p. 55–58.

\textsuperscript{42} As proposed by Mr Jean-Claude Juncker, Candidate for President of the European Commission, in Political Guidelines for the next European Commission, 15 July 2014, Strasbourg.

\textsuperscript{43} Opinion of the EESC on Completing EMU - The proposals of the European Economic and Social Committee for the next European legislature, rapporteurs: Mr van Iersel and Mr Cedrone, adopted on 9 July 2014.
through the involvement of the European Investment Bank, the issuing of specific European bonds and the reorganisation of the multiannual financial programme 2014-2020, which is due to take place in 2016.

5.4.2 Social investment must be capable of countering poverty and the risk of social exclusion and of boosting job recovery in Europe. What is needed is an investment plan representing around 2% of GDP that is excluded from deficit calculations and is monitored to ensure that conditions are in place for efficiency and effectiveness. A plan of this nature could be geared towards: healthcare services, assistance and care services closely linked to Member States’ demographic trends, strengthening the education system, vocational training and retraining, social housing, etc. As well as being excluded from deficit calculations, funding could be secured by a financial transaction tax.

Brussels, 15 October 2014

The President
of the
European Economic and Social Committee

Henri Malosse
CONTRIBUTIONS OF THE EESC SECTIONS/CCMI AND LIAISON GROUP TO THE EUROPE 2020 STRATEGY MID-TERM REVIEW
Youth on the Move aims to strengthen the objectives and priorities which define the strategic framework for European cooperation on education and training (Education and training 2020) and to implement measures in order to achieve the following goals:

- improve young people's prospects of successfully entering and remaining in the labour market;
- give more young people access to higher education;
- adapt education and vocational training so that they match the needs of young people more closely;
- ensure that, by 2020, every European can study or do training abroad if they so wish;
- reduce youth unemployment by increasing the number of jobs accessible to young people and promoting company traineeships for students and work experience that fosters entrepreneurship in students;
- provide more and better information about EU instruments which support mobility, particularly courses, training programmes or traineeships abroad, etc.

EESC recommendations

I. Developing modern education and training systems to deliver key competences and excellence

- The EESC stresses the importance of maintaining and increasing, wherever possible, resources assigned at national level to education, in particular those designed to prevent early school leaving.
- The EESC flags up the need to rethink our education, training and learning strategies – including vocational education and training (VET). We need:
  - more targeted education and training,
  - to promote and value a broader range of knowledge, skills and competences,
  - to reduce the knowledge and skills mismatch,
  - to support new learning environments,
  - to open up education and training structures and institutions,
  - to take individual needs into account.
- The EESC stresses that the mobilisation of all stakeholders and support for the creation of "learning partnerships" in society, involving schools, businesses, town councils, social partners, civil society organisations, youth NGOs, youth and other community workers, parents and school students in the design and implementation of curricula is crucial to the success of the desired paradigm shift in education.
Financial and non-financial incentives should be developed both for companies, especially SMEs and micro and craft-type companies, in order to increase the attractiveness of VET and mobilise businesses, and for education institutions to cooperate with business.

Traineeships are an important means of tackling unemployment and the skills mismatch and of securing the transition from education to the labour market. They should offer good quality learning content and adequate working conditions, and should not be a substitute for regular jobs or a precondition for a job placement. The Council Recommendation on a Quality Framework for Traineeships should be implemented by the Member States as soon as possible.

The EESC calls upon the social partners to continue working on the recognition of skills and competences acquired through traineeships and elsewhere (for example, through voluntary activities). In this context, the recently discussed European Area of Skills and Qualifications could secure additional transparency. The Council Recommendation on the promotion and validation of non-formal and informal learning should be implemented by the Member States as quickly as possible, not simply from 2017.

II. Promoting the attractiveness of higher education for the knowledge economy

More students, knowledge workers and researchers in the technical field are needed; technical education has to be presented more attractively. The contribution of the social partners and labour market expertise must be well structured. Businesses – whatever their size – should be given the opportunity to make significant contributions to curricula, training and entrepreneurship.

Funding is vital. It is worrying and counterproductive for Europe 2020 and Europe’s position in the world that higher education is underfinanced and that budgetary constraints put public funding under greater pressure. Satisfactory funding for higher education should be ensured.

The need for a ranking and quality assessment system can hardly be overestimated in creating value for money and successful international mobility. In addition to the carefully designed U-Multirank, "mapping" other conditions for student and researcher mobility and internationalisation must both be improved.

A stronger monitoring role by the Commission, including country-specific recommendation in the Semester, should support necessary university reforms.

III. Supporting strong development of transnational learning and employment mobility for young people

The EESC calls for coherence and synergies with EU policies to promote mobility, especially as regards the creation of a network of public employment services (PES) and measures to foster free movement of workers and of Europeans and their families within the EU. With regard to the implementation of the Youth Guarantee, the Committee is in favour of expanding the EURES network to include those seeking apprenticeships or traineeships.

Regular publication of the European Vacancy Monitor should continue, as it provides a valuable and up-to-date overview of developments in the European job market.
IV. A framework for youth employment

- The Youth Guarantee must be implemented quickly and fully at national level. The EESC considers that it is fundamental that the instruments, responsibilities, goals and indicators for monitoring be defined better and more clearly at EU and national level. For this reason, the EESC proposes that the implementation of the Youth Guarantee be included among the indicators in the European Semester process. Based on the successful examples of some Member States, the social partners and youth organisations and their representative platforms should play a key role in designing, implementing, promoting and monitoring the scheme.

- The EESC emphasises that the Youth Guarantee should be supported by an active labour market policy which helps close the gap between the education and training system and the labour market.

- Emphasis should be placed on career guidance. When young people have to decide on their future career, they should receive the necessary information on the various education options open to them, a clear idea of the skills and competences needed and information on possible developments in the job market in order to plan their future accordingly. Personalised career counselling and guidance must be introduced in schools immediately.

- Systematic monitoring of the situation of NEETs (young people not in employment, education or training) should continue.

V. Exploiting the full potential of EU funding programmes

- When negotiating with the Member States on the division of the budget within the new Multiannual Financial Framework and in the national reform programmes, the EC should focus on whether or not there are sufficient funds for ESF initiatives, especially those related to young people. Strengthening the youth dimension in other programmes should be explored.

- The Erasmus+ programme must be further promoted and strengthened financially during the future revision of the Multiannual Financial Framework.
Economic forecast

The EU economy has started growing again. Next year, economic activity is projected to expand by 1.5% in the EU and 1% in the euro area before accelerating to 2% and 1.75% respectively in 2015. Improvements in the labour market will take time to materialise, with unemployment expected to remain unacceptably high in many parts of Europe for some time to come, and the broader social situation remains depressed.

Political context

Fostering growth and competitiveness to sustain and strengthen recovery and to achieve the goals of the Europe 2020 agenda have become the top priority for the Commission and the Member States.

In its Annual Growth Survey (AGS) the Commission is maintaining the same medium term priorities as last year proposing in to adapt their implementation to the changing economic and social circumstances. One of the five priorities is focused on employment and labour market:

Tackling unemployment and the social consequences of the crisis

- Stepping up active labour market measures, notably active support and training for the unemployed, improving the performance of public employment services and implementing a Youth Guarantee.
- Further reform efforts to ensure that wage developments are in line with productivity and thus support both competitiveness and aggregate demand; to remedy labour market segmentation, notably by modernising employment protection; to support job creation in fast-growing sectors; and to facilitate labour mobility.
- Continuing to modernise the education and training system, including lifelong learning, vocational training and dual learning schemes.
- Improving the performance of social protection systems, in particular by strengthening the link between social assistance and activation measures through access to more personalised services ("one-stop shop") and efforts to simplify and better target benefits with particular attention to the situation of the most vulnerable.

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EESC recommendations

I. Dynamic and inclusive labour markets for all

1. A return to the real economy and job creation remains a priority. All newly introduced EU policies focused on the industrial renaissance within the new energy and climate framework must be tested as to how they influence competiveness and ability of the companies to create and maintain jobs (job creation test).

2. To stimulate job creation, action should be taken to reduce the tax wedge of labour, as part of overall efforts to shift the tax burden, in particular for low paid workers and young workers; to make sure that wage developments are in line with productivity and thus supportive of both cost competitiveness and aggregate demand.

3. To forecast and manage changes in the workplace giving opportunities for management and labour at company level to apply a broad variety of labour contracts and to make working time schemes more adaptable to reality.

4. To ensure that the free movement of workers in Europe continues to be a political priority for the EU whilst respecting the equal treatment principle and contributing to fair mobility. To reduce the existing barriers to intra-EU mobility, additional measures should be adopted to make easily understandable information on labour and social law available to mobile workers and companies in their respective national languages.

5. Inclusive labour markets for all. Only fundamental structural reforms and long-term solutions at national level can ensure full inclusivity of the labour markets. Negative demographic trends and skills shortages mean that the full potential of the available labour force – older workers, young people, women, workers with physical and mental disabilities, migrants – must be realised. The initiatives introduced by the Youth Employment Package – Youth Guarantee, Quality Framework of Traineeship and an Alliance for apprenticeship – must be implemented.

6. To facilitate economic migration from third countries and explore its economic potential. If the “creativity and innovation capacity” of migrant entrepreneurs are to be reinforced, specific measures must be taken at EU, Member State and local level. This is to eradicate discrimination and create equal conditions for all so that they can contribute to inclusive growth and quality jobs.

7. There is room to increase participation of women in the labour market, in senior and board-level positions, reduce the gender pay gap (still 16.2% for 27 MS) and increase transparency of wages. Member States must properly implement Directive 2006/54/EC48 and use this opportunity to more comprehensively review their national systems to simplify and modernise equal treatment legislation.

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48 Directive 2006/54/EC on implementation of the principle of equal opportunities and equal treatment of men and women in the matters of employment and occupation, 6/12/2013.
8. Europe needs more entrepreneurs. To make entrepreneurship the growth engine of our economy Europe needs a thorough, far-reaching cultural change. Boosting the culture of entrepreneurship in Europe: nurturing the new generation of entrepreneurs.

II. Interaction between labour markets and education

1. To upgrade skills and facilitate industrial changes. To put in place an overall strategy for improving the education and training system via anticipation and investment in human capital supported by EU financial instruments, tools to monitor skills and training needs and trends, and specific incentives to bring together the relevant actors dealing with apprenticeship, especially those with crucial information and communication technologies skills including the social partners.

2. To re-think education. Skills determine Europe's capacity to increase productivity. Education needs to drive up both standards and levels of achievement to match this demand, as well as encourage the transversal skills needed to ensure young people are able to be entrepreneurial and adapt to the increasingly inevitable changes in the labour market during their career.

3. Promoting work based learning including quality traineeship, apprenticeships and dual learning models to help the transition from learning to work. Promoting partnerships between public and private institutions (to ensure appropriate curricula and skills provision).

4. To introduce a balanced mix of basic, vocational and academic qualifications is needed, because sustainable employment growth cannot be based on academic/tertiary qualifications alone, to ensure better recognition of qualifications through validation of skills acquired outside the formal education system. The implementation of the European Qualifications Framework at national level must be strengthened.

5. To encourage the incorporation of the acquisition of entrepreneurial skills into education policies and programmes and to increase the prevalence and quality of entrepreneurial learning. Investing in entrepreneurship education is one of the highest-return investments Europe can make.

III. Active labour market policies towards an inclusive labour market

1. To have a job is the best guarantee against poverty and social exclusion. Nearly one in four private sector jobs is in industry. The EC in cooperation with the Member States must implement measures set out in the Growth and Jobs Pact to boost growth, competitiveness and job creation reflecting a new approach to a European Industrial Renaissance.

2. To put ACTIVATION in the centre of the active labour market policies and foster the principle of “Making work pay” based on balanced tax and benefits measures.

3. To establish and support a European platform of public employment services (PES), to enhance cooperation among the Member States. To support financial and administrative capacity building of the PES offices and to ensure adequate training for their staff.

4. A reorientation of the EURES network to make it an effective instrument for any job seeker or employer interested in the intra-EU mobility and to enable the EURES portal to perform good automated matching between job vacancies and CVs across the EU.
5. To recognise the role and autonomy of the social partners and to ensure synergies among all labour market players in order to forecast what skills companies are likely to need and to ensure that people get the skills to match those needs, thus increasing their employability and adaptability and facilitating their transitions between jobs.

IV. Modernisation of social security systems

1. To readjust social policies so as to promote growth and competitiveness. The resulting pressure on public budgets and the risk of structural labour market shortages in the future reinforce the need to modernise social policies to optimise their effectiveness and efficiency, and the way they are financed. Securing the sustainability and adequacy of social policies requires that Member States find ways to raise efficiency and effectiveness, whilst addressing key demographic and societal changes.

2. To deliver better social protection. It is essential to support social change and reduce inequalities and poverty over time. Active inclusion strategies should be developed, encompassing efficient and adequate income support, activation measures and measures to tackle poverty, including child poverty, as well as broad access to affordable and high-quality services, such as social and health services, childcare, housing and energy supply. The link between social assistance and activation measures should be strengthened through more personalised services. Efforts to simplify and better target benefits will help improve the take-up of measures by vulnerable groups and their effectiveness.

3. To prevent social exclusion. The Member States should move to prevent parts of their populations from slipping into poverty and social exclusion, and/or becoming long-term unemployed. In the absence of social protection, poverty levels could be up to twice as high, yet more and more people are either receiving inadequate benefits or are not covered at all.

4. The EC should ensure that greater focus on social investment is also reflected in the coordination process of the European Semester. It must be made clear that greater social investment is compatible with "differentiated, growth-friendly" fiscal consolidation.
INTRODUCTION

The EESC adopted an opinion on the European platform against poverty and social exclusion in 2011. It also participated in events during the EU Year against poverty 2010 and took a strong stance on the issues affecting the then 80 million people across the European Union. It is therefore important that one of the key flagship initiatives of the 2020 Strategy concerns combating poverty.

The aim of the platform was to create a joint commitment among Member States, European institutions and key stakeholders to fight poverty and social exclusion by establishing a dynamic framework for action embedded in the three priority areas of smart, sustainable and inclusive growth. In order to meet the target of reducing the number of people affected by poverty by 20 million within 10 years, the European Council gave Member States the freedom to set their national targets based on, at least, one of three indicators: 1) the at-risk-of poverty rate, 2) the percentage of people living in households of people who are jobless, and 3) severe material deprivation.

When the strategy began, in 2010, 80 million people had been identified as being at risk of poverty; however, the figure given by Commissioner Andor during the Annual Convention in 2013 was close to 125 million, as a result of the financial crisis and the lack of growth and jobs. Similarly, Mr Barroso called upon the Member States to reduce inequality and mobilise the Structural Funds in order to increase social inclusion and social innovation, with an emphasis on the regional and local levels.

The financial crisis and the introduction of austerity measures in several Member States have severely affected their ability to respond to the poverty reduction targets. The result has been rising poverty and rapidly increasing inequality both within and between Member States, undermining cohesion.

The Commission's communication "Tacking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth" also admits that the number of people at risk of poverty and social exclusion in the EU increased to almost 125 million in 2012. "The EU has thus drifted further away from its target (of lifting at least 20 million people out of the risk of poverty and social exclusion) and there is no sign of rapid progress to remedy this situation – the number of people at risk of poverty might remain close to 100 million by 2020. The situation is particularly aggravated in certain Member States and

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49 See EESC opinion on The open method of coordination and the social clause in the context of Europe 2020 (SOC/381).
50 Material deprivation is defined as experiencing at least four out of nine deprivations. This is when people are unable to: afford the rent or utility bills; heat their home adequately; face unexpected bills; eat fish, meat or protein or an equivalent every second day; afford a week's holiday away from home each year; afford a car, washing machine, colour TV or telephone.
51 Statements by Commissioner Andor, Mr Barroso and Mr Van Rompuy at the Annual Convention against Poverty, November 2013.
has been driven by increases in severe material deprivation and in the share of jobless households. The crisis has demonstrated the need for effective social protection systems.52"

The Committee opinion sets out nine recommendations. This paper seeks to outline the progress made in this respect since the 2020 Strategy began.

Recommendations adopted by the EESC in 2011 and current situation

1. **As poverty represents a violation of human rights, governments, the social partners and civil society must take shared responsibility for its eradication.**

There is still a lack of cohesion between stakeholders in taking responsibility for following through on targets and in influencing the National Reform Programmes. There is no general recognition of the fact that poverty represents a violation of human rights and the focus is still primarily on obtaining a job in order to escape poverty.

2. **There must be policy coherence between economic, financial, employment and social measures in the 2020 Strategy and all such measures should contribute to social cohesion**

Very strong emphasis has been placed on the financial and economic measures for tackling unemployment and poverty, to the virtual exclusion of social measures. This has been acknowledged by Council president Mr Van Rompuy and the European Commission. Not long ago, the EESC clearly said that the imbalance between enhancing economic integration in the Single Market and further expanding the social dimension of the EU must be overcome53. Recently, the EESC issued two opinions on the Social dimension of EMU54, which highlighted tensions between the different strands of the 2020 Strategy and where the priorities should lie. These tensions are clear in the Member States, contributing to exclusion and growing inequality, not just in financial terms but in the provision of services in different areas.

3. **Austerity measures should not increase the risk of poverty and an effective social impact assessment must be carried out and debated.**

The impact of austerity measures has been enormous and not just in the countries that have been subject to the demands of the troika. An additional 45 million people are now experiencing and at risk of poverty. The issue does not just affect the unemployed; the number of working poor has increased substantially owing to wage cuts and low wages. The ability to absorb the rising cost of living has diminished and for many people the capacity to manage unexpected bills has disappeared. Welfare

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53 See EESC opinion on Strengthening EU cohesion and EU social policy coordination through the new horizontal social clause in Article 9 TFEU (SOC/407).
54 See EESC opinions on For a social dimension of European Economic and Monetary Union (SC/038) and Strengthening the social dimension of the Economic and Monetary Union (SOC/494).
provision has been severely curtailed, severely hitting disabled people and those on pensions. In what is perceived as a wealthy part of the world, increasing use of food banks and soup kitchens is an indictment of social policies and highlights growing inequality. For some, the bonus culture exacerbates the wage differential  

Austerity measures have also hit public services, with cuts in staffing and loss of support for vulnerable people and potentially reduced capacity in healthcare and social care situations. These services are highly dependent on public financing, which has been reduced a number of Member States due to the current crisis. It has also been generally recognised that there is still no properly coordinated and integrated anti-poverty strategy. There is a disconnect between policy decisions at EU level and the agreement of ministers from the Member States to implement anti-poverty strategies at national, regional and local level. Because funding is reduced, expectations focus exclusively on employment growth. This is clearly problematic because there is little growth in the labour market at appropriate skills level and wage levels are not enough to counter the trend.

4. The Active inclusion strategy should be implemented as an integrated approach to ensure adequate income support, an inclusive labour market and access to quality work and services.

The Active inclusion strategy is made up of three strands: 1) Adequate income support, 2) Inclusive labour markets and 3) Access to quality services (social assistance, employment and training, housing support and social housing, education, childcare, health, long-term care, etc.). It was recommended by the Commission in 2008 and supported by a European Parliament resolution.

There is a broad consensus that the Active inclusion strategy is not yet in place at EU level and that the Member States have also failed to develop similar strategies at their level.

According to the assessment of the strand dealing with adequate income support, adequacy varies widely between countries and adjustment to rising costs is rarely practiced. Member States tend to focus most on “activation” rather than on the equally necessary aspect of adequate income provision. As regards the strand dealing with inclusive labour markets, it is well known that this goal is far from being achieved. Finally, the strand dealing with access to quality services seems to be the most neglected: it has not been coherently developed or adequately funded.

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55 See EESC opinion on The Fund for European Aid to the Most Deprived (SOC/473).
56 See EESC opinion on Social inclusion (SOC/339).
57 See EESC opinion on European platform against poverty and social exclusion (SOC/405).
58 See EESC opinion on European minimum income and poverty indicators (SOC/482).
59 See footnote 41.
5. **There must be stronger emphasis on reducing inequality and enforcing fundamental human rights, including through fairer income distribution and implementing the horizontal social clauses enshrined in the Lisbon Treaty.**

Recent research from Eurofound has demonstrated that while austerity measures resulting from the crisis have affected health systems in a number of countries, there is the underlying issue of people with low socio-economic status across the EU suffering from difficulties accessing healthcare. This difficulty also applies to access to education. The impact of the increasing level of disadvantage will become apparent in the future, with low skills levels and poor health creating barriers to employment.

There is a need for clear and sustained focus on and commitment to the role of social policies in investing in people and their education and skills in order to develop the assets we have. This requires a coordinated approach spanning EU, national and local agencies, which is not yet in place. More investment in sustainable job creation and in developing skills appropriate to the workplace is needed\(^60\).

Adequate income is another essential component, whether derived from a wage or from social protection. The establishment of a minimum income across the Member States is a subject of much discussion at this time\(^61\). While acknowledging that most Member States have some sort of minimum income, all States should actually introduce it, because this would help improving its adequacy levels all over Europe. The Commission is already working on defining "reference budgets\(^62\)" to help establish adequate minimum incomes to be adopted by Member States. Although there is resistance to determining thresholds, adequate income is an essential component of social inclusion, enabling access to essential goods and services.

Together with other horizontal clauses (articles 8, 10, 11 and 12 TFEU), the horizontal social clause (article 9 TFEU) is about taking into account social requirements when planning and implementing EU policies. It must be applied to the overall architecture of the Europe 2020 and across each of its three priorities (smart, sustainable and inclusive growth), as well as in the monitoring of progress towards the five EU headline targets, the seven flagship initiatives, the ten Integrated Guidelines for employment and economic policies, the "European Semester" and the new economic governance\(^63\).

There is also need for improvement in the way in which poverty is measured and the indicators used to measure it and the costs of inaction\(^64\). Currently, the Member States can choose which indicators

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60 See EESC opinions on Youth on the move (SOC/395) and New Skills for New Jobs (SOC/346).
61 See footnote 41.
62 "Reference budgets" contain a list of goods and services that a family of a specific size and composition needs in order to be able to live at a designated level of well-being, along with the estimated associated monthly or annual costs.
63 See footnote 36.
64 See footnote 40.
they wish to use from the three previously highlighted. This makes comparisons impossible and results in the Member States choosing the least challenging ones.

Although reforming social protection systems is important, governments have to develop a balanced approach to the various measures.

6. **There should be increased emphasis on investing in human capital through lifelong learning, education and training, including improved skills training matched to needs in and outside the labour market.**

These issues are dealt with in greater detail in the EESC’s responses to the ‘Youth on the Move’ and ‘New Skills for New Jobs’ initiatives. The importance of and need for investment in education and training is a fundamental requirement and an underlying theme of a recent Annual Convention against Poverty. However, there is still a disparity between the need to invest in human capital and the implementation of the measures required. In order to reduce these barriers, we need stronger targets and more and better enforcement.

To combat youth unemployment specifically, dual learning systems must be promoted and the quality of vocational education improved. Specific initiatives, such as the ‘Youth Guarantee’ or the ‘Quality Framework for Traineeships’, which help young people move from education to the labour market, must be supported.

7. **Participation in the platform by civil society stakeholders (including people experiencing poverty, NGOs and social partners) should be reinforced through structured dialogue at EU and national levels and support from appropriate EU funding. The EESC should play an active and supportive role in this dialogue and in the Annual Convention of the platform.**

This is a key aspect and little progress has been made since the inception of the 2020 Strategy towards developing and implementing a structured dialogue with all stakeholders at national level in order to ensure consistency between EU, national and local levels in determining policy. According to the research undertaken by the European Anti-Poverty Network, there is increasing disillusionment with the commitment to engage stakeholders in any meaningful participation.

The National Reform Programmes are key instruments for implementing poverty reduction policies. Yet, according to the EAPN consultation, little account is taken of input from stakeholder groups. Most of the emphasis is on financial and economic issues; very little focus is placed on how to meet

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65 See footnote 41.
66 See footnote 43.
67 See EESC opinions on Youth Guarantee (SOC/485) and on Quality Framework for Traineeships (SOC/499).
68 “Widening the Gap – EAPN Assessment of the National Reform Programmes 2013”.
the poverty reduction target beyond employment measures and there was virtually no mention of developing an integrated strategy in this area.

Real progress needs to be made in developing meaningful participation. It is crucial to closely involve the social partners and representatives of civil society in setting the national targets and designing the National Reform Programmes, as well as in implementing the horizontal social clause.\textsuperscript{69}

8. EU funding, particularly the Structural Funds, targeted at reducing poverty, needs to be increased and the emphasis placed on simplifying measures, increasing transparency and monitoring effective delivery.

In the first few years of the 2020 Strategy, it was considered that the Structural Funds were not used to best effect, with a lack of consultation on the best use of these funds and an over-riding focus on employment initiatives rather than the active inclusion approach. There was no support for local social economy organisations and capacity-building. Implementation of the funds across the EU has been uneven.

The European Social Fund (ESF) plays a crucial role in developing human capital, giving aid to more than 15 million people a year to help them improve their skills, make it easier for them to find work, tackle social exclusion, tackle poverty and improve the efficiency of public administration. According to the EU budget for 2014-2020, 23.1\% of cohesion funding must go to the ESF.

Moreover, a new Social Investment Package (SIP) is intended to provide Member States with policy guidelines for necessary structural changes, with the aim of:

- strengthening ownership of EU objectives and coordinated EU and national action on employment, social affairs and inclusion,
- supporting development of adequate social protection systems,
- ensuring effective application of EU legislation,
- promoting professional mobility, and
- making microfinance more readily available.\textsuperscript{70}

The Social Investment Package provides guidance to the Member States on using their social budgets more effectively, ensuring appropriate living standards, increasing people's opportunities for development and helping them to take part in society and the labour market.

The implementation of this package is still in its early stages but the emphasis must be on simplicity, accountability and availability.

\textsuperscript{69} See footnote 33.

\textsuperscript{70} See EESC opinion on The Social Investment Package (SOC/481).
9. The Social Open Method of Coordination (OMC) must be strengthened, including the development of National Strategies for Social Protection and Social Inclusion and action plans at national and local levels. Its link to the flagship initiative on poverty needs to be clarified.

There is a disconnection between EU level where policy is decided, and national and local levels where it is implemented. The National Reform Programmes, in which the Member States are expected to spell out how they translate the targets and policy priorities established at European level into their own policies, are not yet based on sufficient or structured consultation; the recommendations are not rigorous enough as the indicators are too weak. Given that social policy remains a Member State prerogative, for the moment the OMC is the only instrument available to ensure some governance and coordination, but, unfortunately, it does not have the teeth to ensure action.

The EESC has often been critical of the OMC for not having delivered the expected results. It has been ineffective and invisible at the national level. In the current crisis, the OMC should be strengthened to ensure that social protection and social inclusion policies are not sidelined. The Platform and the OMC could still become mutually supportive. On the other hand, as said above, the Member States have failed to develop anti-poverty strategies at their level.

Nonetheless, more recently, the EESC stressed that there is an enormous need for social investment to counter the increasing risk of poverty. Such investment has also a significant Europe-wide employment potential, which must be mobilised by private and public investment. The better social investment is embedded within a credible macroeconomic and institutional framework, the higher the social, economic, fiscal and social benefits, i.e. the "multiple dividends" of those investments will be. Social investments must also be fixtures in the Europe 2020 Strategy and the European Semester.

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71 See footnote 33.
72 See footnote 41.
73 See EESC an opinion on The impact of social investment on employment and public budgets (SOC/496).
Addendum to the EESC mid-term review of the Europe 2020 Strategy
- Child poverty -

The alarming figure for child poverty makes it necessary for the EESC to add some considerations on this persistent problem to its review of the Europe 2020 Strategy. Taking up this issue now is justified by the fact that the EESC has not taken a public stance on it since 2010 and is linked to the fact that there is now an appropriate legal document urging for action.

The percentage of children at risk of poverty or social exclusion stands currently at 28%, which makes for 26.4 million children. This results from a lack of financial resources (19%), serious material deprivation (11.7%) and living in households with low work intensity (9%), or from the combination of these factors.

Child well-being in Europe has been particularly promoted in 2010, the European Year against Poverty and Social Exclusion. Important steps taken since the Europe 2020 Strategy set the poverty reduction target include the following: 1) the new calendar for economic and social surveillance (Annual Growth Survey) has already allowed the Commission to make 14 country-specific recommendations related to children in 2013; 2) there is new support from the European funding for the period 2014-2020 (23.1% of the Structural Funds have been allocated to the European Social Fund and 20% if its funding must be used for social inclusion and poverty reduction), and 3) a new emphasis has been put on "early childhood education and care" (ECEC) and on the transition from institutional to family and community care. Now, efforts must be made to guarantee family support and capacity building, and to improve the partnership principle, which allows civil society to get more involved in the measures designed to tackle child poverty.

In February 2013, the Commission took a major step with the publication of the Recommendation "Investing in Children – Breaking the Cycle of Disadvantage", a political guidance paper published together with the Social Investment Package. The Recommendation is based on 3 pillars: 1/ Access to adequate resources, 2/ Access to quality and affordable services, and 3/ Children’s right to participate in decision-making affecting their lives. This Recommendation takes a comprehensive approach of the problem and can bring greater visibility to children in the whole Europe 2020 process. We can at least hope to see more specific indicators, more detailed reporting and more mutual learning.

Children are Europe’s future. Investing in children is a social and economic necessity and, above all, the recognition of their rights. While the EU has an important role of framing policies and providing funding, the political will from Member States is decisive to save children from this violation of their basic rights. If in 2010 the EESC urged for reinforced inclusion and anti-discrimination policies, it now asks for accountability at all levels of governance and for the meaningful involvement of the

74 EESC opinion SOC/348 on Child poverty, July 2010.
relevant stakeholders in the decision-making process regarding children's well-being and implementation of the measures at Member State level.
TOWARDS THE EUROPE 2020 STRATEGY MID-TERM REVIEW
Contribution of the Labour Market Observatory (LMO) to the Europe 2020 Steering Committee

Introduction

The Europe 2020 strategy, launched in 2010, is the EU’s common agenda for the current decade, aiming at promoting smart, sustainable and inclusive growth. Its mid-term review, in 2015, was proposed by the Commission and agreed to by the European Council of 20-21 March 2014.

Against this background, the EESC Europe 2020 Steering Committee is preparing an own-initiative opinion on the forthcoming review, based on input from the sections, the CCMI, observatories and liaison group. The intention is to assess the Europe 2020 priorities, targets, flagship initiatives and indicators and produce concrete proposals for priorities for action as well as policy guidance beyond 2015.

The present Labour Market Observatory’s contribution is based on its recent work – the study on the implementation of EU policies for youth employment in six Member States and the outcomes of conferences and public hearings on youth unemployment, mobility, diversity in the workplace, skills, typical and atypical work contracts, active labour market policies, people with disabilities, etc.

It fully supports and complements the thorough recommendations formulated by Pavel Trantina, Vladimíra Drbalová and Maureen O’Neill, the rapporteurs of the EESC opinions on the flagship initiatives Youth on the move, an Agenda for new skills and jobs and a European platform against poverty and social exclusion.

Findings

The key objectives of the Europe 2020 strategy are expressed in the form of five headline targets at EU level, in the areas of employment, research and development, climate and energy, education and the fight against poverty and social exclusion. There is a deep concern about the lack of progress on targets, especially with regard to employment and poverty and about the democratic and participative deficit of the European semester, both at EU and national level (NRPs, CSRs).

The targets which directly relate to the LMO’s recent work are:

- **75 % OF THE POPULATION AGED 20-64 SHOULD BE EMPLOYED BY 2020**

Due to demographic reasons, Europe’s workforce is shrinking. A smaller workforce is supporting a growing number of dependants and long-term labour supply is a key labour market challenge. The EU is far from reaching the above-mentioned Europe 2020 target of 75 %. The overall employment rate now stands at only 68.4 % and the differences between EU Member States are large.
It is increasingly important to include as many available workers as possible in the labour market, focusing on the most vulnerable groups such as women, older workers, young people, persons who are not in employment, education or training (NEETs), non-EU citizens and people with disabilities.

Regarding young people and NEETs, the LMO has recently conducted a study on the Implementation of the EU’s youth employment policies in a selection of six Member States: Greece, Croatia, Italy, Austria, Slovakia and Finland, as viewed from a civil society perspective. Some findings can be presented from the study as well from past LMO's work:

- Establishing a close link between education and the labour market supports employability and adaptability. Successful education systems (in terms of future employment prospects) provide a close link between education/training and the labour market. That entails better anticipating skills needs, combining general education with work experience, involving more stakeholders in course design and evaluation.

- The need to establish a Youth Guarantee, following the Council Recommendation of 22 April 2013 is an occasion for many Member States to improve national youth employment policies and their funding, services offered to young people, as well as the cooperation between the various ministries and services involved and between public authorities and civil society.

The Youth Guarantee can encourage structural reforms if properly implemented by the Member States and the EESC calls for its fast and full implementation as well as for its monitoring by the European Commission in the context of the European semester and its country-specific recommendations.

Regarding stakeholder involvement in the Youth Guarantee and employment policies in general, the situation in Member States differs. In some countries studied by the LMO, social partners and civil society were participating in all phases of such policies – from the design to the implementation and monitoring stages - in a meaningful partnership approach. In others, no real stakeholder involvement takes place, despite stakeholders' readiness to engage.

To ensure a successful implementation of the Youth Guarantee and other youth employment policies, the LMO strongly recommends a genuine involvement of social partners and civil society - in particular youth organisations – at all phases of youth employment policies. Stakeholders can indeed bring genuine added value to youth policies as they are close to labour market realities. Their participation can help to create a sense of co-ownership, which contributes to social acceptance and the smooth implementation of reforms.

Continuous monitoring and evaluation provide support for relevant and effective youth policies, as seen in some Member States such as Austria and Finland. In other countries, stakeholders express their hope that the implementation of the Youth Guarantee will remedy this shortcoming.

- There is a need to enhance and support the public employment services’ role in getting people into work. Concerns have been expressed about these services having insufficient financial
and human resources to effectively deal with the unemployed, resulting in simple administration of the unemployed instead of activation and personalised services and a lack of trust among users.

- Views about the influence of labour market regulation on job creation differ widely. While employers organisations across the board feel that a rigid labour law hinders the creation of employment, trade unions see its role to be more neutral or even not far reaching enough to protect workers.

- Knowledge about transnational mobility and EURES needs to be improved. The portal is not always well known and is underused. Information has to be available in national languages, which is not always the case (e.g. the case of Croatia).

- Business start-ups need more encouragement. Labour market measures to encourage self-employment do exist, but they are not very effective in most countries, partly due to the difficult access to finance and partly to the difficult economic situation. Entrepreneurial education needs to be promoted.

Regarding people with disabilities, more has to be done to fight prejudices and stereotypes and to implement the equal rights to seek employment, find a job or start own business, which is recognised by the Charter of Fundamental Rights. A strong combination of non-discrimination measures and positive action is needed. Coordination between the employment, education and health sectors could be improved and exchanges of good practices between Member States should be promoted, such as job coaches, non-formal education for young disabled people leaving school and specific support to companies.

- **THE SHARE OF EARLY LEAVERS FROM EDUCATION AND TRAINING SHOULD BE UNDER 10% BY 2020**

Young people who leave education and training prematurely are at risk of lacking skills and facing serious, persistent problems on the labour market (on average half of early school-leavers are unemployed) as well as poverty and social exclusion.

- Prevention and early intervention should be strengthened through better support for young people at an early age, also involving teachers, trainers and parents. It is important to guide young people as early as possible by showing them the variety of training and professional careers available and allowing them to make informed choices. Special attention should be given to young people from disadvantaged backgrounds (e.g. people with a migrant background, Roma) and to boys, among whom early school-leaving is more frequent.

- Increasing the provision, the attractiveness and recognition of high-quality initial vocational education and training (VET) can help reduce early school-leaving. Combining general
education with work experience can indeed provide an alternative and more motivating path for young people.

Member States with a developed and effective dual training system or other forms of work-based learning have lower youth unemployment rates and are in a better position to anticipate skills mismatches. Such systems are developed in close cooperation with the social partners. Steps must be taken to ensure that curricula have a good learning content, are regularly updated and take into account the latest technical developments. The contractual status and the obligations of both parties need to be made clear, requiring a transparent legal framework and fewer administrative burdens – especially for SMEs.

- **AT LEAST 40% OF 30-34 YEAR-OLDS SHOULD HAVE COMPLETED A TERTIARY OR EQUIVALENT EDUCATION BY 2020**

Since 2000, the tertiary educational attainment of the population aged 30-34 has substantially increased. At the same time, about a quarter of EU workers are overqualified for the job they are doing and there are major skills shortages, not only in specific sectors or occupations but also in technical, horizontal, medium and basic skills – which leads one to question the relevance of the Europe 2020 goal of 40% higher education. The mismatch between the skills available and labour market needs affects all Member States, albeit to varying degrees.

- To remain attractive, higher education courses should develop skill profiles that are truly relevant to labour market needs. Greater use should be made of skills projections and graduate employment data (including tracking graduate employment outcomes) and employers should be more involved in curricula design and evaluation.
INNOVATION UNION
KEY STEPS FOR THE NEXT FIVE YEARS

Introduction

The EESC has already made clear that innovations lead to progress, growth, prosperity, social security, international competitiveness and employment. They require and reinforce a social climate of confidence and self-belief that can generate further progress. They need a European approach and a European single market, in which the European Research Area with a powerful R&D Framework Programme plays a key role. The EESC welcomes and supports the concept of the Innovation Union as an essential element of the Europe 2020 Strategy, on which it has already adopted a series of opinions.

In March 2011 the EESC adopted an opinion on the Europe 2020 Flagship Initiative - Innovation Union (INT/545 – CESE 524/201176). In July 2011 this has been succeeded by the opinion on the Green Paper – From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation Funding77 (INT/571 – CESE 773/2011) and in March 2012 by the opinion on HORIZON 2020 - the Framework Programme for Research and Innovation 2014-202078 [INT/614/615/616/631 – CESE 806/2012 - 2011/0399-0401 (COD) - 2011/400 (NLE) - 2011/402 (CNS)]. In September 2013 the EESC issued a further opinion on that very subject: State of the Innovation Union 2012 – Accelerating Change (INT/695 – CES3251-2013_00_00_TRA_AC79). In addition, the opinions on Cooperation and transfer of knowledge between research organisations, industry and SMEs (INT/448 – CESE 330/200980), issued in February 2009, on Energy Technologies and Innovation (TEN/528 – CES3996-2013_00_00_TRA_AC81), issued in October 2013, and on Key Technologies (INT/651 – CES1899-2012_00_00_TRA_AC82), issued in December 2012, addressed key aspects of this issue.

The main recommendations in the above documents can be boiled down to the following:

1. Create reliable, innovation-friendly Europe-wide boundary conditions and frameworks; relieve potential inventors and innovation processes of the burden of the present

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76 OJ C 132, 03/05/2011, p. 39.
77 OJ C 318, 29/10/2011, p. 121
78 OJ C 181, 21/06/2012, p. 111
79 OJ C 341, 21/11/2013, p. 35.
81 OJ C 67, 06/03/2014, p. 132.
82 OJ C 44, 15/2/2013, p. 88.
fragmentation and overloading of regulatory frameworks and bureaucracies across 28 Member States plus the 33 Departments and Services of the European Commission;

2. Remove those disincentives and delays in turning new ideas into actual innovations which are Europe's shortcomings vis-à-vis global competitors; avoid at all costs any kind of barrier to innovation, including bureaucratic inflexibility, risk aversion and market distortions; invest much more effort in this key task;

3. Tailor support measures to the specific demands of SMEs, social enterprises and micro-enterprises in particular; find solutions to exempt start-ups for an appropriate period from most of the otherwise normal procedures and regulations and introduce further special incentives;

4. Tailor support measures, funding, and performance criteria to address – on the one hand – the incremental innovations, which respond to prevailing market forces and societal needs and – on the other hand – the much more important revolutionary innovations. The latter shape market forces and create new societal possibilities, solutions to existing problems and consumer demands; but often they have to overcome a difficult barren period at the beginning, sometimes accompanied by misunderstandings and even rejection;

5. Support and promote a mindset that sees progress and innovation not as a risk, but as an opportunity and a necessity for the welfare of our society;

6. Support basic research as the main source and breeding ground for new ideas and innovations;

7. Improve cooperation and knowledge transfer between research performing organisations, industry and SMEs;

8. Use public research and development funds in cases where this is needed to achieve research and innovation objectives, and where industry cannot reasonably be expected to make the relevant investment;

9. Develop an industrial strategy aimed at reversing Europe's shortage of hi-tech companies; bring back manufacturing to Europe and scale up new companies in Europe;

10. Support technical, business and in particular also social innovations, the latter specifically from a systemic change approach;

Current position

The main general recommendation is:

All these points are important. Do not give up on any of them. It is the symbiosis, interplay and interdependence between them, which provide the societal, economic and industrial environment out of which the EU’s further progress and economic power can develop. Support this process by all available means.

Having said this, and within the scope of this report, a selection of these points is examined in more detail below:

I. Create reliable, innovation-friendly Europe-wide boundary conditions and frameworks.

This is the most important condition. Innovations are the result of a bottom-up process and often do not fit into the patterns of pre-existing societal, economic or technical concepts. They have to prevail in an environment of preconceptions and rules which have not been designed for them; they have to prevail in a Procrustean system of different rules across 28 EU Member States and 31 departments of the European Commission issuing ever more directives infiltrating - and possibly immobilising - our network of regulations and political goals.

Therefore, in order to create a real Innovation Union, we have to analyse why Google, Facebook and Twitter (which provide innovative social networks) were not invented and marketed in Europe, why Lenovo, a powerful newcomer in the digital market, is a product of China and not of Europe. We have to ask where Leica, Hasselblad or Rolleiflex have gone, why the new Berlin Airport has been at a standstill for years. The main reason is not that we do not have enough intelligent people or enough money. The answer is that we have a social and regulatory environment that is increasingly inimical to any changes of the status quo, but perhaps also an industrial sector with big companies that were sitting for too long on their laurels and that are no longer drivers of innovation and creativity, but rather act as brakemen.

Of course, there are also success stories. The European Space Agency (ESA) has opened up the possibilities of outer space for Europe. Airbus has become an equal global competitor in building aircraft. CERN is the world’s best laboratory for investigating elementary particles; it invented the World Wide Web and has thus more than paid its way. JET is the world’s leading fusion experiment. However, the foundations of all these enterprises were laid in the 1950s and 1960s, at a time of political vision and risk-taking: in a spirit of “do it first and then make the regulations fit”.

This means we must revive this spirit. We need a fundamental change of attitude towards novel ideas and technologies. The first question we need to ask is not how great the risk is, where the dangers are and whether they obey our plethora of rules (which differ even from Member State to Member State). What we need to ask is what the chances are, how we can help turn innovation into success. This is
why we need a mindset that sees progress and innovation not as a risk, but as an opportunity and a necessity that must be advanced and achieved by all the means available to society.

Take Facebook. Our media are full of its dangers and abuses. However, why has Europe not developed something better? Why can a European company not afford to buy “WhatsApp” for US $19 billion?

The EESC is aware of and supports the need for better and sufficient regulation of the European banking sector. However, this does not mean that innovations on the verge of being introduced into the market also need to be subject to restrictions which, as in the case of banking, result from the experience of obvious dysfunctions and which concern big economic players rather than small newcomers. Clear distinctions should be made for such fundamentally different economic stakeholders.

The potential for innovation in the EU is a chained giant that needs to be unchained. To this end, all efforts within the Member States need to be harmonised, the system of rules working against innovation needs to be removed.

**Recommendation:** The Commission should form an independent taskforce to identify and analyse all the obstacles to innovation and propose how to remove them.

**II.** Taylor support measures to the specific demands of SMEs and micro-enterprises in particular.

As a path-finding first step towards realising the above goals, the EESC has already made a specific proposal. The Commission should draft (and later initiate) a Council procedure for introducing an exemption clause for start-ups, which would not only free them from most of the normal administrative procedures and various regulations for an appropriate period, but would also provide other incentives (such as tax breaks). This would give them breathing space and leeway, during which their potential for success could be demonstrated. The Committee is aware that this proposal requires a delicate and nuanced assessment of risks and interests, but one that could be well worth undertaking.

**Recommendation:** Investigating the possibilities and modalities of such a grace period should become the primary mission of the task force mentioned above.

**III.** Support basic research as the main source and breeding ground for new ideas and innovations.

The Committee is under the impression that in the new HORIZON 2020 policy more financial aid is earmarked for innovation, but, looking at the overall picture, this appears to be at the expense of the aid needed for R&D and in particular for basic research. Basic research may perhaps find its place solely within the budget of the European Research Council (ERC). This, however, would be an undesirable restriction of the original idea of the ERC. The ERC was created to support the most
highly-rated researchers and the most pioneering ideas in small teams, often at a single institution. Therefore, confining support for basic research solely to the ERC would be a fundamental misunderstanding of the role of the ERC and of basic research. Fewer resources for basic research would be available for collaborations amongst multi-disciplinary teams in different countries, which would certainly lead to an overall impoverishment of research creativity in Europe. Basic research is the seedcorn for everything. In particular, it has been and continues to be at the heart of the much more important revolutionary innovations, which shape market forces and create new societal possibilities, solutions to existing problems and consumer demands.

Reducing public support for basic research in favour of more support for innovation processes would mean milking the cow but no longer feeding it. This is all the more so since basic research crucially relies on public money, while innovations are primarily the task of private enterprise, business investments or private organisations.

**Recommendation:** Restore to basic research its appropriate share of funding under HORIZON 2020.

IV. **Create an EU Community Patent**

The EESC acknowledges and welcomes the important progress in that field (Unitary Patent). This is an essential step forward, for which the European institutions involved in this achievement are to be congratulated. Eventually, a fully-fledged EU Community Patent, with all Member States participating, has to be established.

**Recommendation:** Measures taken in this area are to be welcomed.

V. **Encourage systemic change and social innovation**

The EESC has repeatedly stressed the importance of social innovation to tackle societal challenges and unmet needs; the welfare systems are rapidly changing due to societal challenges and new demands. It is crucial, therefore, to ensure that the “innovation logic” for social innovation, which includes a diversity of stakeholders, is recognised and supported to capture this innovation for systemic change.

**Recommendation:** Ensure innovation programmes facilitate social innovation.
1. Introduction

1.1 The Europe 2020 Steering Committee is preparing an own-initiative opinion on the forthcoming mid-term review of the Europe 2020 strategy. The SDO and the NAT Section have been requested to provide a contribution in the form of a short report, concentrating in particular on the Flagship Initiative for a Resource Efficient Europe.

1.2 The recommendations are based on work undertaken by the SDO on horizontal matters pertaining to the Europe 2020 Strategy and – more specifically – the Flagship Initiative for a Resource Efficient Europe.

2. Conclusions and Recommendations

2.1 The Europe 2020 Strategy focussing mainly on the creation of growth and employment has moved the long-term European Sustainable Development Strategy from 2006 into the background. The EU 2020 mid-term review should lead to a more balanced integration of economic, social and environmental issues in European strategic action plans. It should also be used as an opportunity to launch the preparation of a new long-term strategy for Europe tackling economic, social and environmental challenges of Europe in a changing global environment.

2.2 A strategic framework for EU policy planning needs a time-horizon of at least 2030 in order to address long-term transition processes required for modernising the European economy, turning it into a low carbon economy and reducing social exclusion.

2.3 Issues of global sustainability need to be integrated and adequately considered in the Europe 2020 revision. The revision should tie in with the UN Post-2015 process of establishing global Sustainable Development Goals for 2030 and provide for a proper implementation of such goals in and by the EU.

2.4 The SDO suggests revisiting the EU Sustainable Development Strategy, renewed in 2006, in the context of the review of Europe 2020 Strategy. In the revision process elements of both strategies could be combined in a way that the revised EU 2020 targets represent benchmarks for the mid-term perspective while elements of the EU SDS could be used to set up long-term objectives for European sustainable development in line with the global Post-2015 agenda.

2.5 The Flagship Initiative on a resource-efficient Europe should be maintained under a revised Europe 2020 Strategy. The roadmaps and initiatives under the flagship created an
indispensable policy framework for Europe's transition towards an inclusive green and low carbon economy allowing economic prosperity with less use of natural resources. Milestones to be achieved have been agreed by Council and Parliament in the 7th Environment Action Programme.

2.6 However, progress in this transition has been not vigorous enough and needs to be accelerated if the EU is to achieve its objectives for 2050. If the resource efficiency agenda is to be successful it has to be integrated in a much better way into the core political planning and decision-making process. This requires making resource efficiency an integral part of the European Semester, i.a. by including a scoreboard of environmental indicators to monitor progress. The targets of the Europe 2020 Strategy should be complemented by a quantitative headline target for increasing the resource productivity of the European economy.

2.7 The resource efficiency flagship follows the approach to integrate environmental policies with other policy areas, such as industrial and fiscal policies, employment, agriculture, transport, regional and territorial development. This approach should be pursued and deepened. European Member States should fully exploit the opportunities the transition to a resource-efficient and low carbon economy offers for the innovation and modernisation of industry, the boosting of employment and investment in sustainable sectors.

2.8 Particular attention has to be paid to the social dimension of the transition to a green economy. Active employment policies are required in order to ensure the creation of decent green jobs. Moreover, possible negative side-effects on low-income households in terms of energy prices have to be carefully inquired in advance and addressed appropriately. Better coordination is required in the implementation of the resource-efficiency flagship and the flagship initiative against poverty and social exclusion.

2.9 An essential part of such a review process must be the involvement of European citizens and all levels of policy making, including the local and regional level.

3. **The Europe 2020 Strategy**

3.1 With the European Sustainable Development Strategy (EU SDS) from 2001, renewed in 2006, the EU had taken a globally leading role in sustainable development. This overarching long-term strategy for sustainable development in Europe was complemented by the Lisbon Strategy which was designed to foster the competitiveness of the European economy.

3.2 The Europe 2020 Strategy, launched in 2010, moved the EU SDS into the background. The EU 2020 Strategy aims to integrate the economic, social and environmental dimensions of development using the concept of a smart, sustainable and inclusive growth. However, the main focus of the EU 2020 Strategy remains economic growth and employment in Europe, further reinforced by the need to react to the deep economic and fiscal crisis with its severe social and employment consequences.
Europe needs a long-term strategic framework tackling economic, social and environmental challenges in an integrated and balanced way and taking into account also the global context. Increasing competitiveness and resilience of European economies requires a substantial modernisation of European societies, including by putting in place a transition to low carbon economy and sustainable consumption. Moreover, European citizens cannot be expected to support a vision of Europe which is predominantly based on economic growth and financial crisis management; a vision for Europe should be based on quality of life taking into account social justice and a healthy environment as well.

Based on a comprehensive set of European sustainable development indicators Eurostat has monitored bi-annually progress on sustainable development. The latest 2013 monitoring report gives a mixed picture of the progress of the EU in the years from 2000 until 2012. Developments have to a large extent been influenced by the global financial and economic crisis after 2007. Apart from the trends on rising poverty risks and social exclusion in the wake of the economic crisis it is worth mentioning that several of the areas where Eurostat revealed unfavourable or negative trends are not or not sufficiently covered by the EU 2020 strategy and its flagships, i.e. public health, the transition to sustainable transport modes, the declining fishing stocks, the decrease of semi-natural and arable land and the decline in financial development assistance after the crisis. In addition, the EU 2020 Strategy does not consider pressing challenges of global sustainable development and inter-generational justice.

This illustrates that the current EU 2020 Strategy is not capable of addressing important issues of sustainable development in a comprehensive way.

Moreover, the EU 2020 Strategy does not set the right time horizon for a long-term strategy. Modernising the European economy, turning it into a resource-efficient and low carbon economy and reducing social exclusion requires long-term transition processes. Some of the flagships and roadmaps acknowledged this by working with longer time horizons. International agendas as well, such as the forthcoming UN Post-2015 framework for sustainable development and the international climate protocol, will force the EU to implement policies with a time horizon of 2030 and later.

The UN in 2013 has launched a process to establish a global Post-2015 framework for poverty eradication and sustainable development. The Post-2015 framework will be universally applicable on developed as well as on developing countries. Developed countries, such as EU Member States, and emerging economies will have to tackle adverse effects of their production, consumption and trade on the less advanced world and significantly reduce their use of natural resources in order to share scarce resources fair with those world regions. Future Sustainable Development Goals for 2030 will have to be translated into a sustainable

development process specifically for the European continent and the EU 2020 mid-term review has to be aligned with this.

3.8 In its conclusions from 25 October 2012 on the outcome and follow-up of the UN Rio+20 conference the Council of the EU called for a full implementation of the outcome of this conference through a revised European Sustainable Development Strategy. Given the intention of the Commission to revise the EU 2020 Strategy it is suggested by the SDO that the two strategies are not being revised separately, but as a package in order to set up a coherent strategic framework for the future of the EU in a changing global environment. In this process the revised EU 2020 targets could represent benchmarks for the mid-term perspective while elements of the EU SDS could be used to set up long-term objectives for European sustainable development in line with the global Post-2015 agenda.

4. **Flagship Initiative for a Resource Efficient Europe**

4.1 On 26 January 2011 the Commission published the flagship initiative under the Europe 2020 Strategy on a resource-efficient Europe. The initiative aims at decoupling economic growth from the use of natural resources such as fuels, minerals and metals but also food, soil, water, biomass and ecosystems. Its objective is the creation of a policy framework for a shift towards a resource-efficient and low-carbon economy.

4.2 About 20 initiatives, ranging from the Roadmap for a low-carbon economy, over the European Energy Roadmap 2050, the Biodiversity Strategy 2020, the CAP-Reform to Strategies on transport policies were foreseen in 2011 to deliver on the resource-efficient Europe flagship initiative. The Roadmap to a Resource Efficient Europe from 20 September 2011 was meant to draw all these activities together. It presents a vision of a transformed economy for 2050 with milestones to be achieved by 2020.

4.3 The EESC has issued an opinion on the flagship initiative, on the Roadmap to a Resource Efficient Europe and on the various other initiatives. The Committee has also pushed with own-initiative opinions, accompanied by two public hearings, for a transition to an inclusive green economy and an exploratory opinion on the promotion of sustainable production and consumption in the EU.

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84 EESC opinion EUR/006 on the AGS 2014, para1.3.3, and opinion NAT/594 on Establishing sustainable development goals.
85 Council Conclusions 15477/12.
86 EESC opinion on the Flagship Initiative A Resource-efficient Europe (NAT/498, Ribbe).
87 EESC opinion on the Roadmap to a Resource Efficient Europe (NAT/529, Egan).
88 EESC own-initiative opinion on The green economy – promoting sustainable development in Europe (NAT/590, Agudo); EESC own-initiative opinion on Market-based instruments towards a resource-efficient and low carbon economy in the EU (NAT/620, Siecker/Ribbe).
89 EESC exploratory opinion on the Promotion of sustainable production and consumption in the EU (NAT/537, Le Nouail Marlère).
4.4 The Committee welcomed the flagship initiative, however criticised it as too vague and missing a thorough analysis of the causes for the on-going overconsumption of natural resources. It stressed that apart from technological innovation changes in the way we produce and consume in our societies and in our energy, industrial, agricultural and transport systems are needed and pointed out the difficulties of achieving this due to the lack of consensus about the necessary steps. The Committee pointed out that the resource-efficiency roadmap will stand or fall by its ability to galvanise more political determination and commitment. It urged the creation of strong high-level institutional and procedural provisions at European and Member States' level in order to coordinate the various initiatives and activities and monitor progress.

4.5 Progress in the transition to a resource and energy efficient low carbon economy and the innovation it requires has been not vigorous enough and needs to be accelerated if the EU is to achieve its objectives for 2050. Apparently, the resource efficiency flagship and the related initiatives have not yet provided a framework of targets and regulations combined with market-based instruments, which can effectively trigger this transition in the required magnitude. The EU Member States do not fully exploit the opportunities that the low carbon economy offers for the modernisation of industry and boosting employment.

4.6 The Resource Efficiency Platform, created by the European Commission as a body involving high-level representatives from the EU and Member States, and representatives from business, academia and civil society has not been capable to give the resource efficiency agenda sufficient weight in politics, business sector and society. However, the platform has made a number of concrete recommendations for specific actions to be taken by the EU and its member States as well as by business to foster resource efficiency.

4.7 Currently, we are witnessing a backlash for resource efficiency policies due to the economic and financial crisis and discussions about the role of rising energy prices for the competitiveness of European industries and for low-income households instead of activating resource efficiency policies as a relaunch tool for economic recovery and inclusive sustainable development. These discussions have also revealed a weakness of the resource efficiency flagship insofar as it has not sufficiently integrated the social dimension of the intended transition processes.

4.8 The Committee welcomed the 7th Environment Action Programme, adopted by Council and Parliament in 2013. Due to its legally binding nature it increases the probability that measures the foreseen in the flagship initiative and roadmaps which are reiterated in the 7th EAP will

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90 EESC own-initiative opinion on Market-based instruments towards a resource-efficient and low carbon economy in the EU (NAT/620, paragraph 1.1, 1.5).

actually be implemented\textsuperscript{92}. Moreover, the 7\textsuperscript{th} EAP complements the resource efficiency approach of the flagship initiative with the concept of planetary boundaries ("living well, within the limits of our planet"). Increasing the efficiency of the use of natural resources alone will not necessarily provide for an economy which is sustainable in long-term, if we do not take care that the overall extent to which we use natural resources does not exceed planetary boundaries. This is even more important since limited natural resources have to be shared fairly with developing countries. The UNEP International Resource Panel estimates that industrialised countries will have to half their per capita consumption of natural resources if they want to allow developing countries to reach a comparable standard of life\textsuperscript{93}.

4.9 However, adding the 7\textsuperscript{th} EAP to the resource efficiency flagship and the various related initiatives with differing time-horizons has made the picture even more confusing. This calls again for the creation of a long-term strategic framework for European sustainable development which could integrate the different flagships and initiatives and policies on regional and territorial development\textsuperscript{94}.

\textsuperscript{92} EESC opinion on the 7\textsuperscript{th} Environment Action Programme (NAT/592, Ribbe, paragraph 3.3).
\textsuperscript{93} http://www.unep.org/resourcepanel/Portals/24102/PDFs/DecouplingENGSummary.pdf, p.10.
\textsuperscript{94} EESC own-initiative opinion on Towards a more balanced territorial development in the EU (NAT/615, Nilsson).
1. **Introduction: Europe 2020 mid-term review and the EESC’s contribution.**

Europe 2020 is a 10-year strategy launched by the European Commission on 3 March 2010, which aims at achieving a smart, sustainable and inclusive growth, and getting Europe out of the crisis. After four years of implementation, it is time now to evaluate the effects of the strategy and draw up a mid-term review needed to adapt it for its second half.

The European Economic and Social Committee contributes to this review via this note, with the aim of assessing the strategy's implementation so far and to produce concrete proposals for adapting the strategy's content until 2020.

2. **The EESC’s contribution to the implementation of the Digital Agenda for Europe Flagship Initiative.**

The Digital Agenda for Europe (DAE) is one of the seven flagship initiatives of the Europe 2020 Strategy and represents one of the key factors in facilitating the growth of the European economy. Its purpose is to bring economic and social benefits of the digital market to European citizens, through ultra-fast internet connections, maximising the potential of ICT and the Internet in particular.

The European Economic and Social Committee (EESC) has been contributing to the implementation of the DAE since 2010 through a set of actions:

- Drawn up civil society opinions on all major DAE initiatives from the European Commission, within a Permanent Study Group (PSG)
- Organised conferences, including Going Local events in EU countries
- Raised civil society's voice on 'Stop Roaming Charges now!' through an on-line public consultation, a public hearing and an information report
- Explored the potential of new internet-based approaches to stimulate civic participation.

3. **EESC’s recommendations.**

With a focus on the societal and economic consequences of digital technology development, while paying special attention to consumers' needs and to citizens’ rights protection, the EESC proposes the following actions for improving the DAE Flagship Initiative.

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95 The EESC has an active presence on social media: Facebook, Twitter and LinkedIn. It also has a YouTube channel and the President's blog. The EESC has also developed a mobile application. The EUnearU app is available for IOS and was launched in July 2013. It aims to help users to discover faces and names behind the EESC and find out what they do and where they are - in real time.

96 The following recommendations comprise the main messages of several DAE opinions of the EESC. For full text opinions please refer to the Opinions Search Portal (http://www.eesc.europa.eu/ten-opinions).
Taking stock – Civil Society's DAE Scoreboard

I. Addressing the need for qualified ICT workforce

– The EESC believes that if current trends continue, there will be 700,000 unfilled vacancies in the EU for ICT professionals by 2015. There is, therefore, a need to vigorously address the ICT skills gap through well-targeted training and lifelong learning programmes in order to fill those vacancies and help Europe’s innovation capacity keep pace with the rest of the world. If the EU is to have a leading position in the future digital economy, it must start preparing the ground now at primary school level, followed by proper training at secondary school and vocational colleges, in all education systems.

– Many other job profiles today require the use of computers. If more people are ICT savvy, they can help bring about an economic upturn by their increased employability, which in turn, would also signify a decrease in EU-wide unemployment.

II. Promoting e-inclusion and universal, equal access to the Internet

– The Committee stresses the importance to envision some measures aimed at diversifying the ICT base and, in particular, addressing the issue that certain minorities cannot have equal access to ICT facilities. This is the case, for example, of people with a lower income, older people, people with disabilities, people with a lower standard of education and other minorities.

a. ICT need to be brought closer to elderly people by better communicating the importance it can have in their lives, as it may help them overcome isolation, or indeed, for instance, ICT could be seen as a means to do certain things at the click of a button rather than actually going out and doing one’s shopping or banking.

b. Disabled people could benefit from more user friendly applications and hardware which caters to their physical need. The EESC suggests also the development of a Europe-wide accessibility clause making compulsory the accessibility of hardware and software.

c. People on low incomes might be helped by supporting the production of accessible software, adapted to the needs of minority groups, supporting free public internet services at urban hot spots and in deprived urban areas, giving them the opportunity to learn and acquire skills for a job through e-learning and facilitating use of open data 2.0 and open sources.

d. People with a lower standard of education may be helped by providing access to public funds for centres offering "on-site facilitation" so that users are not left to tackle the computer alone, requiring operators to provide affordable telephone and media access as a training support.

e. Other minorities could be helped to gain access to ICT by Commission support for tailored multilingual online projects (e.g. health education, e-health, e-learning), and giving them access to free public internet centres, e-learning and schooling.
III. Protecting children and vulnerable users from cyber criminality

- More must be done to protect those that cannot fully assume their own protection against the dangers they may face when surfing online. There ought to be a coherent framework of protection and guarantees for the safety of minors in place to protect them from cyber criminality. This could be achieved through adult education in ICT as well. This framework should serve as a guideline for Member States, monitoring authorities and institutions, but also to schools and families, so they might all know what actions are to be taken.
- The Committee stresses also the need to protect minors, inter alia, by regulating advertising aimed at children.

IV. Designing actively the digital future of the EU

- The DAE mid-term review should not limit itself to assessing implementation, such as suggested by the 'DAE Scoreboard' that the European Commission has been running for several years, but needs to actively push for improved EU competitiveness in the area of ICT, as well as for digital contributions to the wellbeing of civil society. Among the most pressing concerns of the EESC are: increasing the engagement of all sections of society in DAE policy development and implementation; creating a Charter of Digital Rights for users; establishing global market leadership for European companies in key technologies and services; developing a broader and more diverse range of funding instruments to support accelerated investment in broadband infrastructure; and promoting the greater use of new innovative wireless technologies to address the growing digital divide between urban and rural areas.

V. Accelerating the law-making process

- The EU legislation should reduce red tape and inconsistencies between its Member States' legislations, in order to promote the rapid development of ICT and break down the barriers to the completion of the digital internal market. This is in sharp contrast to the current situation, where technology clearly outpaces sluggish law-making.

VI. Enhancing consumer protection and citizens' rights

- The Committee highlights the importance of ensuring a greater and easier access to the internet everywhere in Europe and to online shopping in particular, combined with a dialogue between consumers and industry, based on trust, which provides consumers with clear and concise information. There is a need to reinforce the right to choose and net neutrality in Europe, since there are too many dominant interests seeking to guide consumers. Transparency of information and consumer protection should be enhanced.
- It is also necessary to make collective action more effective, to secure the right to compensation in the event of damage to the consumer, to guarantee the right to confidentiality
of information and - finally - to carry out a reform of copyright, given that the current directive does not harmonise national rules.

– The concepts of an open internet and net neutrality, "net freedoms", are key to any regulation aimed at guaranteeing freedom to use the Internet as a means of communication. Given the acute importance of the issue to the economic and social future of Europe, the EESC (EESC 1608/2011 - TEN/457) strongly recommends that the principles of an open internet and net neutrality should be formally enshrined in EU law as soon as possible, always bearing in mind the evolution of technologies ("state of the art") in this field.

VII. Improving cross-border e-commerce

– There is also the need of improving cross-border e-commerce in order to strengthen the digital economy. Currently, only 11% of people carry out cross-border purchases for linguistic reasons, the co-existence of different sets of rules and a lack of trust. Hence, there is a need to increase the number of citizens buying online to 20% by 2015.

VIII. Recognising the digital sector as a service of general economic interest

– The Committee recommends that broadband internet access should be recognised as services of general economic interest under the Treaty of Lisbon, and more specifically Protocol 26, which confers wide discretionary powers on national, regional and local authorities.

IX. Shaping an ethical approach to digital policy

– The Committee recommends a public policy founded on a sound ethical base that, simultaneously, is capable of fostering innovation and bridging the innovation gap the EU faces vis-à-vis its competitors, while bringing new opportunities for its citizens. Europe has the opportunity, talents and – certainly - the means to become a leader in innovation ethics, as our history is founded on law and respect for people.

The way ahead until 2020 and beyond

X. Increasing civil society participation

– The DAE is a centrepiece of European policy action, which can only be effectively approached by consulting civil society fully and upfront. Participation should not exclusively be linked to the actual decision-making but should concern the entire spectrum of the policy process from early consultation to decision's implementation. Today more and better participation methods are needed to complement existing approaches, such as more interactive public consultations (e-participation enables easy-access participation online) or the recourse to social networks, discussion forums and participatory web-based platforms. The US federal authorities' websites, where citizens can ask questions and express opinions, are a useful reference in this respect.
The diverse and representative composition of the EESC as well as its transparent working methods make it an ideal place for defining and validating digital policy choices that imply values, models and conditions. Empowering civil society in the debate on our digital future means respecting democracy and fundamental rights, and can assure that the human dimension stays in the centre of focus.

The EESC welcomes the priority of the European Commission to consult outside of the usual expert circles on its post-2020 digital strategy, via Futurium. Creating synergies with civil society well ahead of tomorrow’s challenges will contribute to consensus-based choices that help to keep track even in a fast changing political environment. The economic crisis has hampered the ambitious EU policy goal of getting every European connected by 2020. To address the remaining millions of digitally excluded EU citizens, new innovative approaches will be needed: EESC Members have identified New Economic Models, Learning and Smart Cities as important test beds for European societies, where participatory digital revolution should generate equal and easy access to social welfare, healthcare and jobs.

XI. Educate, teach, inform

The real digital upturn in the EU will only happen if qualifications and skills will allow a vast number of Europeans to become inventors and creators of digital content, products and services, rather than remaining only users of ICT. This means that on EU level strategies need to be found that effectively help Member States to get a whole generation to learn the technical side of ICT, from primary school until the end of tertiary education.

XII. Improving the industrial base through streamlined European digital policy strategies

The Internet has created a totally new economy that is continuing to fundamentally change our way of doing business. From a European perspective, the challenge is to create the framework conditions that will stimulate the emergence of European “Amazons”, “Ebays” and “Googles” as this is vitally needed to reinvigorate the EU economy.

This must though not mean that in order to be successful online Europe needs to put its trust mainly in big players. On the contrary, many studies have shown that SMEs will be the main growth force of e-commerce in the coming years. SMEs need to start or enhance their online businesses today not wait for tomorrow.

Cloud computing should be seen more clearly as an opportunity for growth and competitiveness across the EU. But more needs to be done by lawmakers than merely facilitating the use of Cloud taking inspiration from models in other parts of the world. The European Commission should actively promote the development of European digital production by supporting the emergence and strengthening of European suppliers of Cloud infrastructure. The EESC recommends in particular:

a. To encourage Cloud-based digital production and service projects of European telecommunications operators and software producers;
b. To boost aids through EU Structural Funds and promote the use of other European, national or regional funding for backbone infrastructure for the such as Cloud data centres that are managed and run by European operators;

c. To launch joint European Cloud projects for which cross-border consortia can put forward competitive bids.

d. As a cross-cutting priority objective, to ensure a high level of data security in the Cloud

- The European Commission should therefore beef up its promotion of DAE Champions in close cooperation with similar schemes on Member State level such as the UK Digital Leaders programme. The Champions’ mission should mainly be to gather good practice evidence and stakeholder support for boosting the Union’s digital competitiveness on global scale.

XIII. Responding urgently to the need to improve trust and security

- User trust in the ICT environment tends to decline as EU media and public are now more aware than ever about the possible abuses of personal data and commercial information that is available online. The debate about optimal policy choices for ensuring a high data protection level for Europeans while keeping the vital connections in the global ICT business competition and trade has to continue and needs civil society input. The EESC recommends that the Commission does more for pushing Member States to harmonise and jointly manage network and information security (NIS) systems. Such enhanced cooperation under the Commission's oversight is essential to the completion of the Digital Single Market and the smooth functioning of the Internal Market.

- Voluntary measures have not proven their effectiveness and there needs to be strong regulatory obligations on Member States. To this goal, the Committee recommends to set up an EU-level authority for NIS. This body should establish standards and monitor enforcement for all elements of NIS across the Union: from the certification of secure terminal devices and usage, to network security and data security.
DEEPENING ECONOMIC AND MONETARY UNION
THROUGH THE EUROPE 2020 STRATEGY

As a strategy whose main objectives are to address the shortcomings of our growth model and create the conditions for a smart, sustainable and inclusive growth for a period of 10 years, Europe 2020 is closely related to the institutions, goals and policies of the Economic and Monetary Union (EMU) established under article 3(4) of TEU and articles 119-144 of TFEU. In practice, the Europe 2020 strategy is implemented and monitored in the context of the European Semester, the yearly cycle of coordination of Member States' economic and budgetary policies. These policies, together with the single monetary policy conducted by the European Central Bank, form the basis of EMU and are decisive for the success of Europe 2020. The link between the Europe 2020 strategy and any further development of the EMU architecture has also been underscored in the latest country-specific recommendations issued by the Commission as an integral part of the European semester.

The common goal of EMU, Europe 2020 and any growth model at the European level must be to promote quality of life, prosperity and stability for the European citizen, as in today’s globalised context no single European country is able to guarantee its own liberty of action. Confidence-building and favourable conditions for the real economy are prerequisites for a sustainable and balanced recovery from the economic and financial crisis, which implies the creation of the right conditions for growth, employment, competitiveness and investment. Besides fiscal discipline, these include flanking economic and social policies which must be worked out simultaneously by the EU and the Member States. All these aspects underscore the significance of an ever closer coordination and further integration of economic and budgetary policies for the euro area and non-euro area members alike. This is to be achieved within the framework of a reinforced European semester and a complete EMU.

The report of President Van Rompuy Towards a genuine EMU and the corresponding Commission Communication of November and December 2012 presented a draft roadmap with concrete measures along the same lines. The EESC has welcomed this and insists that the Van Rompuy report remain the policy basis for the legislative initiatives over the coming period. Therefore, what we need is a convincing roadmap for the next European legislature setting out with precise deadlines further steps that must focus on accomplishment of EMU in close relation with the targets of the EU2020 strategy. To this end, the EESC proposes:

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97 See COM(2014) 401 final, points 7 and 4.
99 For an in-depth presentation of the EESC proposals in the field of EMU, see opinion ECO/357 "Completing EMU - The next European legislature", rapporteurs: Mr van Iersel and Mr Cedrone (EESC-2013-07057-00-00-AS).
I. The launch, as a matter of urgency, of a real European plan for growth and employment, which should be driven by public and private investment and should be taken into consideration in the evaluation, in the rebalancing and in a proper implementation of existing instruments, notably: the Europe 2020 strategy, the European semester, the Six-pack, the Two-pack, and the Fiscal Compact. Such a plan would need to consist of at least the following points:

- Eurobonds issued by the EIB and the EIF (already implemented in part through project bonds), without increasing countries’ debt, to finance SMEs and projects in infrastructure, health, education, urban regeneration, the environment and trans-European networks. Such targeted actions of the EIB and the EIF will be a signal of active European commitment to improving the financial environment for private investments;

- public investment, including in the social sector, by Member States to add to EU public investment via a system of commonly agreed parameters which, in combination with the right structural reforms, would also foster private investment;

- a paradigm shift from austerity alone, which is among the main causes of the recession, the reduction in demand and the increase in unemployment, to jointly agreed reforms enabling sustainable growth, job creation and increased productivity;

- agreed accompanying measures on growth, employment and social aspects to be included in the implementation of the Two-pack, the Six-pack and the Fiscal Compact;

- better application of the European Semester, which has an indispensable role in the process of convergence and adjustment of the economies. It should be correctly implemented as well as being more transparent and duly communicated. The involvement and engagement of social partners and civil society organisations, both at European and national level, must be ensured;

- proper compliance with the national reform programmes (NRPs): the implementation of NRPs, including as regards the quality of national administration, should be reviewed by all stakeholders and closely monitored by the Commission. The way national administrations work is decisive for the success of the Europe 2020 strategy, and the required improvements, where appropriate, should be clearly highlighted;

- full ownership by the Member States: the Semester process, as currently provided for, is still too technocratic, which is hampering its implementation. National Parliaments should be integrated in the process by discussing the semester properly, along with the social partners and other civil society organisations.
II. The completion of EMU, ensured by a robust governance and management structure of the euro area and based on four pillars:

i. a monetary and financial pillar, including the implementation of a fully-fledged EU-driven Banking Union to bring about a pan-European capital market, while also protecting taxpayers from excessive risk-taking and disorderly defaults. In particular, the EESC calls for:

– the completion of the ECB’s mandate so as to put it on an equal footing with other central banks outside Europe, enabling it, amongst other things, to act as a lender of last resort and as an equal partner in international fora, while also respecting its full autonomy. The ECB should be fully enabled to avoid liquidity crises in a way that favours investments (SMEs);

– a full Banking Union, which is essential for the creation of a unified European capital market, comparable to the one of the United States. This requires well-structured and functioning Single Supervisory Mechanism (SSM), Single Resolution Mechanism (SRM), harmonised deposit guarantee schemes in the Member States and a European Stability Mechanism (ESM) which allows direct bank recapitalisation. The related decision-making system should be efficient and must ensure quick action. The process of establishing and implementing all these elements has to be speeded up;

– a more resilient European financial sector, which should focus on full implementation of Basel III, on the Financial Stability Board and on finding a solution for the "too-big-to-fail" banks in line with international agreements (G20);

– adequate credit provision, including satisfactory arrangements in favour of start-ups and SMEs, as a top priority for the recovery and growth of the economy. In this regard, the EU legislation has to strike a balance between ensuring strict framework conditions for banking and promoting sufficient opportunities for operational banking activities, especially in view of facilitating investments;

ii. an economic pillar, reflecting the increasing interdependence of Member States both at macro and micro level, to strengthen the decision-making process in economic policy, thus fostering growth, employment, competitiveness, convergence and European solidarity. In practice, this would mean:

– more legislative proposals from the Commission in the areas where the debate has been dominated so far by the Member States. This includes, but is not limited to, the ex-ante coordination of plans for major economic policy reforms, the economic reform contracts accompanied by a solidarity mechanism, the establishment of a European debt redemption fund and Eurobills. When such proposals require Treaty changes, the Commission should make this clear to the euro area members;
– further development of the Commission’s proposal on binding economic reform contracts and discussion on their form, financing and democratic legitimacy. In the medium term, this could be used as a redistributive mechanism in case of asymmetric shocks: the principle of responsibility must not be separated from that of solidarity;

– gradually moving towards an appropriate own budget for the euro area with jointly agreed rules. This could be financed for example through a targeted tax, a financial transaction tax (provided that this is extended to the whole of the euro area), a carbon tax, a temporary levy on balance of payment surpluses exceeding 6% and, finally, by issuing joint bonds;

– with regards to sovereign debt, the creation of a mechanism that, without removing countries’ responsibility for their debt, removes this from the hands of financial speculators. Following the conclusions of its expert group analysing the merits and risks of the different options for joint debt issuance, the Commission should now make a concrete proposal as to which instruments to use and under what timeframe;

– pooling of microeconomic policies (industrial and sectoral policies) which have an impact on national budgets and therefore require a shared vision and joint action by the Commission and the Member States, in particular as regards: the completion of the Single Market; the creation of favourable conditions for enterprises to stay in, or come to, Europe, notably by eliminating market fragmentation; a common industrial policy; a common energy policy; large-scale common infrastructural projects and transport policies; convergence of corporate taxation; the labour market; research policy;

iii. a social pillar to take properly into account, among other factors, the social effects of economic adjustments and to achieve the Europe 2020 objective of inclusive growth:

– improving living and working conditions by: sustaining job creation and start-ups; proposing adjustments to education policies at all levels across Europe, as well as to healthcare policies where appropriate; putting the right conditions in place for cross-border labour mobility; tax proposals aimed at facilitating job creation; proposals aimed at upholding consumer rights; ensuring gender equality; making social investments;

– more effective application of the Community method by the Commission, which should present legislative proposals and measures also in cases of shared competences with the Member States. As in the past, a proactive and courageous attitude will pay off. At the request of Parliaments and/or civil society, the Commission should participate in national debates on European issues with a social and economic impact;

iv. a political pillar, including greater accountability and democratic legitimacy, to foster credibility and confidence:
start a serious reflection process on deepening the EU as a whole and on the functioning of its institutional organs, as well as selecting policies that ought to be shared. The new institutional set-up, which cannot be achieved through enhanced cooperation alone, and the role of the Parliament, the Council, the Commission, the EESC and the CoR, could be determined by a new Convention, which should finish its work before 2019, when the next European elections will be held.

III. The launch of a communication and simplification strategy on EMU, including the European semester process, as a joint effort by the Commission, EP, Member States and civil society, in order to:

- foster and improve communication to the public. EMU, Europe 2020 and the Semester have often been presented as a technical affair. They are not, as they are fundamentally political and of great influence to every citizen’s life. In the EESC’s view, the Commission is the only authority that is able to present a solution due to its right of initiative in the EU legislative process. This must be seen in the perspective of a more political Commission and EP than previously;

- allow civil society and social partners to play their proper role in communication, which is so far often underdeveloped. Civil society and the social partners should convey the concerns of citizens and enterprises to the authorities and should cooperate in addressing them. The exchange of views should run both ways;

- start the so-called new narrative for Europe with a shared communication and simplification strategy by the Commission and the Member States, which are key players alongside political parties and civil society. Europe should no longer give the impression of being an ivory tower as felt by large part of public opinion. The merits of European integration, the concrete steps forward and the benefits that result from it have to be clearly explained to the citizen.
The Industrial policy is one of the seven "Flagship Initiatives" of the Europe 2020 to boost growth and jobs by maintaining and supporting a strong, diversified and competitive industrial base in Europe offering quality jobs while becoming more resource efficient.

Political assessment

The CCMI sees the following policy objectives:

- An integrated industrial policy as an essential Growth Initiative to sustain the still fragile recovery and to overcome damaging effects of the crisis.
- It must respond to the tremendous technological challenges which are currently at the basis of change and transformation worldwide and which sharpen competition considerably.
- It must be focused on strengthening the industrial base in Europe which means a focus on vital parts of value chains, including business services to manufacturing.
- Industrial policy must be maintained as a Flagship in Europe 2020 as "work in progress" and due to the interaction with other important EU policies.
- Europe 2020 must guarantee an effective coordination of policies between the MS and the EU in all areas where competences at national- and EU-level should reinforce each other.
- Industrial policy implies notably improving next framework conditions for business development:
  - implementing correctly internal market rules, entailing a European level playing field, a never ending story with still many black spots,
  - up-to-date skills and competences, innovative schooling and training, which require continuous adjustment, an open eye for sector specificities,
  - intensifying financial support for R&D and innovation – 3% target! –, which in most MS is under pressure,
  - better cooperation between universities, research institutes, and business, which is still lagging in quite some countries,
  - adequate dovetailing of national and EU financing (Horizon 2020) in view of pioneering cross-border European projects which are coming too rarely off the ground,
  - a stable financial and economic structure in Europe (EMU) with a special attention for SMEs and micro-companies that are the backbone of the European economy,
  - preservation of open markets which requires a vigilant trade policy, targeting comparable business conditions all over the world, notably environmental, low-carbon policies and resource-efficiency,
  - highlighting services in their own right and because of their potential as key drivers of productivity in business.
The overwhelming need for a European common energy policy which should focus on a level playing field, addressing a wide range of sensitive issues, including an acceptable energy mix in the EU, reduction of the drastic price differences and distortions, improved conditions for free internal trade, reduction of energy dependence from third countries, and the development of renewables.

Governance structures for EU micro-economic policies require the European Council assuming real leadership, the Competitiveness Council taking an overall and horizontal responsibility, and the Commission strengthening internal coordination.

Given the radical changes ahead, the social dialogue on all relevant matters must be guaranteed at different levels – EU-, national-, regional- and company-level – in order to get employees and society at large prepared and committed to the changes ahead.

Committee's opinions on the subject

Since the launch of the Europe 2020 strategy, the EESC has made its contribution to this flagship initiative through the elaboration of the following opinions:

- **CCMI/083** – An Integrated Industrial Policy for the Globalisation Era – Putting Competitiveness and Sustainability at Centre Stage
- **CCMI/108** – A Stronger European Industry for Growth and Economic Recovery – Industrial Policy Communication Update
- **CCMI/120** – Reshoring of EU Industries in the Framework of Reindustrialisation
- **INT/733** – Opinion of the EESC on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – For a European Industrial Renaissance

In addition a large number of opinions on specific aspects of various industrial sectors have been prepared by the CCMI.

1. **Recommendations of the EESC prior to 2014 (when the EC released its latest communication on industrial policy):**

1.1 **EESC recommendations for governance at EU level**

- Holistic and integrated approach of policies addressing industrial innovation, skills and qualifications, access to finance, sustainable development, services, administrative barriers, SMEs, energy and access to raw materials, competiveness and employment, and external relations.
- Clearly defining the role of the Commission towards the industrial policy.
- Drawing up a list of priorities and timeframes on the basis of the Communication and the corresponding Council Conclusions.
• An active trade policy and effective European diplomatic corps in order to achieve a global level playing field.
• Keeping or extending the objective of 3% of the GDP on R&D expenditure.
• Stimulation of innovative clusters and cross-border cooperation between research panels and research centres.
• In the same vein of the Lead Market Initiative (LMI), embarking on new industrial projects, e.g. clean and energy efficient vehicles, carbon capture and storage, pan-European networks, space endeavours, and key enabling technologies.
• Adoption of the European patent.
• Protection of intellectual property rights as a priority.

1.2 **EESC recommendations on key specific issues**

• Access to finance at EU level: FP7/FP8, CIP, EIB and EIF, notably for SMEs.
• Mobilising private capital for industrial purposes, e.g. by means of crowd funding.
• Close connection of the Innovation Union with industrial policy, especially in the area of key enabling technologies and energy intensive industries.
• (Joint) Commitments of public and private stakeholders (research centres, universities, companies) via high level groups, technology platforms.
• Effective social dialogues which involve and stimulate the participation of employees.
• Providing schooling and training at all levels, alongside the promotion of entrepreneurship, to ensure high-quality and stable employment with appropriate and sustainable wages; best practices should be communicated.
• A resource-efficient and low-carbon economy in Europe should imply that the EU requires the same standards to be respected by its trade partners.
• Ensuring access to raw-materials and to diversified sources of energy.

1.3 **EESC recommendations on the relation between national industrial policies and the EU**

• Intensification of EU-MS partnership agreements.
• Open discussion of annual Commission reports concerning national industrial policies in order to improve coordination and promote best practices.
• Monitoring and evaluation of national performances.
• Analysing the coherence of national reports by the Commission in a European perspective, which embraces performances and practices in specific fields such as public procurement and military equipment.
• Lifting barriers within the EU market.
2. In view of the Commission's communications that followed the launch of Europe 2020 strategy, the EESC is pleased to notice the following developments:

- The Commission provides a clear message on the importance of European companies' integration into international value chains.
- Available EU funds have been increased. Funding for the research, development and innovation programme Horizon 2020 has been increased from EUR 54 billion to EUR 80 billion. At least EUR 100 billion in ESI funding (European Structural and Investment Funds) is available to the Member States for funding investment in innovation, in line with the priorities of industrial policy. COSME, the EU programme for the competitiveness of enterprises and SMEs for 2014-2020, has a budget of EUR 2.3 billion. SPIRE, Sustainable Process Industry through Resource and Energy Efficiency, is the new public-private partnership (PPP) contract signed in December 2013 under the auspices of Horizon 2020 and with total EU funding of EUR 900 million for the next seven years.
- Nanotechnology, micro- and nanoelectronics, including semiconductors, advanced materials, biotechnology and photonics, as well as robotics and 3D printing are all growing spectacularly in the EU.
- Creation of the Banking Union, the SME finance initiative, the capital requirement regulation, MiFID, the revised transparency directive and measures to enhance the pan-European venture capital market.
- The Commission recognises the importance of energy prices for industrial competitiveness.
- The Commission's intentions on raw materials diplomacy and its plans to eliminate price distortions on inputs for industry.
- On 7 November 2013, ETUC (the European Trade Union Confederation) adopted an Investment plan for good jobs and a sustainable future, with the aim of restoring growth in Europe, creating up to 11 million jobs and encouraging multinational companies to locate their operations in Europe, and build on the strong demand.
- EU’s efforts to enhance SMEs, including the multitude of Business models, making "think small first" a reality.
- The Commission action to secure access to major international markets for EU firms.

3. In view of the advancements on the industrial policy in the last four years, the following recommendations remain:

3.1 General

- The EU needs a stronger set of proposals for its industrial policy in order to convince business to invest in the region. A concrete plan is needed, with a clear vision, urgent measures and deadlines.
- Coordination of policies between the MS and EU, whose main role is to mainstream policy areas and to disseminate best practices accordingly.
- MS should be committed and ensure that knowledge, information, transport and energy infrastructures function correctly and efficiently for all.
Complementing the target of 20% for industry share of GDP by 2020 with qualitative aspects.

Combining the goal of greening European industries with a strong drive towards more technology and knowledge-based, higher value-added, competitive industrial and service sectors.

Governance structures for EU micro-economic policies must be strengthened, with the European Council assuming clear leadership, the Competitiveness Council subjecting other Council formations' decisions to real scrutiny as regards competitiveness.

Enhancing European companies’ possibilities for achieving key positions in international value networks and to maximise the value capture for Europe.

3.2 **Specific**

- Strengthening the venture capital facility and other EIB risk-sharing capabilities, as well as making innovative use of structural funds to attract private investment in risky research projects.
- Skills mismatches and training issues are at the top of the industrial policy agenda.
- Cross-border recognition of competences and qualifications.
- Exploration and exploitation of raw materials within the EU should be stepped up and relevant regulation harmonised.
- Every reasonable measure must be taken to reduce European energy prices. EU must secure a diversified energy mix.
- The role of services must be given more attention and corresponding policies developed, in particular knowledge-based services in their own right and because of their potential as key drivers of productivity in all business sectors.
- Remaining regulatory, administrative and technical barriers need to be removed within the internal market.
Relaunching the Single Market

1. The single market is tangible proof that the European Union works for the producer, the consumer, the ordinary citizen. It can work better and develop further. A well-functioning single market and a successful Europe 2020 strategy are two sides of the same coin of how practice can contribute to prospective thinking – and vice versa. The EU single market must continue to eliminate obstacles and remedy intellectual and ideological barriers so that this unique cooperative strategy can fully deliver and benefit all in the 28 Member States and the 3 EEA countries. Citizens will appreciate what is at stake, what the benefits are and what they can gain from more Europe if they are part of the project. This entails verifiable and fact-based answers to their questions, resolute and shared grass-root oriented communication and information policies, ownership and awareness, transparent governance and civil society participation. The single market and Europe 2020 must ultimately be seen by their beneficiaries as an illustration of good European governance.

2. New EU proposals must include measures to release the potential of the single market for businesses, consumers, citizens and other stakeholders in the field of services, access to finance, removal of administrative burden for SMEs, e-commerce, digital single market and mobility. Accompanying actions are needed to reinforce consumer protection and confidence and the social dimension of the single market, including social rights, on a par with economic freedoms and market developments, and support for the social economy, cohesion and citizens’ rights and interests in general.

3. The advantages of the single market for citizens and businesses must be better communicated, especially by political parties, civil society organisations, media and educators who have a responsibility to promote awareness.

4. Measures missing from the Single Market Act must now be included, such as the revision of the copyright directive, net neutrality, data protection, investor protection, the social progress protocol, European private company statutes, e-procurement, European credit rating agencies, gender equality, micro- and family businesses, measures to support the formation of new companies and the extension of existing ones, credit and debit cards, e-payments, consumer credit and over indebtedness, interbank transfers, youth, measures to complete the implementation of the Euro and the operation of the Single European Payment Area (SEPA).

5. SMEs must have direct access to credit and capital markets, be helped to develop SME targeted bond platforms and explore ways to improve mezzanine finance and loans. The Commission should provide guidance to all stakeholders on good practice in combining and
leveraging financial instruments for SMEs from different sources, including structural funds and loan guarantees.

6. Divergent tax rules and administrative complications must be addressed. For example, double taxation and the present complicated VAT recovery systems in cross-border trade and services are major obstacles for SMEs, preventing them from expanding within the single market. The once only and think small first principles should apply for administrative and legal formalities. A standard EU VAT declaration would also contribute to administrative simplification. The ambitions of the Small Business Act must be harnessed to an EU strategy for investment, growth and jobs.

7. Special attention needs to be given to self-employed people, not sufficiently covered by EU legislation, and to an accessible collective redress mechanism, national and trans-national, for consumers, workers and citizens whose rights are violated.

8. The recognition of professional qualifications must put more emphasis on actual needs (cross-border and between neighbouring countries), based on an analysis of mobility patterns. The EU should stimulate regional cooperation in this field and promote joint cross-border vocational training.

9. More awareness of social enterprises and their contribution to the community should be stepped up and supported by the European Social Entrepreneurship Fund.

10. International public procurement can work better. The EU must aim at improving access to third countries’ public markets, with consequent reciprocity.

11. We must, in short, be able to give a convincing answer to "When will it be 1992?". Many national restrictive legal barriers, such as the lack of mutual recognition of (technical) standards, are still in place. Member States must still transpose and implement EU laws to make the single market a more efficient and level playing field. Impact assessment still needs to be on an equal footing with regulatory design. The legislative process still needs to be speeded up to keep pace with global developments avoid standstills in law-making and take account of feasibility. The "think small first" principle still needs also to apply to microenterprises. SMEs still need easier access to public procurement. The Digital Agenda must still become the absolute priority for a single market for the future and should properly focus on consumers’ concerns. Collective redress, together with better communication and information on the advantages of the single market, is still crucial to rebuilding trust. The single market still needs a credible social dimension.
1. **Introduction**

1.1 **Background and contribution of Civil Society to the launch of Europe 2020**

The Lisbon Strategy, launched in 2000, aimed to make Europe “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”. In 2005, after a mid-term review revealed mixed results, the focus was narrowed to productivity, jobs and growth. Social cohesion, social inclusion, and gender equality and equality for all were lost.

When the crisis started in 2008 policies were mainly orientated towards saving the private banking sector and financial and fiscal consolidation. It became apparent that the EU would need another strategy which would also answer to the emerging social crisis. Civil Society Organisations (CSOs) and their overarching platforms actively participated at every step in the preparation process for the new strategy. In 2010, Europe 2020 was launched as the EU’s strategy for smart, sustainable and inclusive growth. Five headline targets were set - including objectives on employment, the reduction of poverty and social exclusion, education, and climate change and energy. The majority of CSOs welcomed this new integrated approach. However it should be pointed out that the strategy lacks a rights based approach which would provide a framework to measure and monitor the impact on inequalities. Gender equality was also not specifically addressed despite the fact that equality between women and men and gender mainstreaming are objectives of the EU.

1.2 **The European Semester**

In 2011, the European Commission set up a yearly cycle of economic policy coordination called the European Semester with the objective of reinforcing EU economic governance and to supplement the commitment of member states in achieving the Europe 2020 targets. Recital 16 of Regulation 1175/2011, requires the involvement of the European Parliament, National Parliaments and consultation of other stakeholders in the Semester process. CSOs involvement is paramount given the growing recognition of the need for democratic legitimacy. By being involved CSOs can facilitate the involvement of other sectors of government and better consideration for social justice in the EU economic governance process.

At the European level CSOs constructively take part in the process by analysing National Reform Programmes (NRPs) and Country Specific Reports (CSRs), but they are not involved in any consultation process. Some European CSOs work with national members to propose CSRs and an
alliance of CSOs also compiles alternative CSRs. European CSOs also promote the strategy among national CSOs who have so far not been adequately involved.

1.3 State of play of Europe 2020

Four years after the launch of Europe 2020, the EU is far from achieving its targets particularly on poverty and employment. The ongoing financial crisis led to a focus on fiscal and financial consolidation through austerity plans which have resulted in increased poverty, unemployment and inequality. Although the climate targets look better, the improvement is more due to reduced industrial production than to the achievement of the strategy’s goals.

The social balance sheet is alarming: 124 million people live in poverty (an increase of 10 million); 24 million people are working poor; 25 million people are unemployed (almost 11%); and, 13.9 million young people are NEETs. On top of this income inequalities have risen with the top 20% having earned 5.1 times as much as the bottom 20% in 2012, demonstrating a growing social divergence in Europe. Divergences exist not only within the member states but also between them, and not only with those who are under the rules of austerity.

These alarming social and employment trends have to be taken into account as a premise to any review of the Europe 2020 strategy as also acknowledged by the European Commission in the communication “Taking stock of the Europe 2020 strategy for smart, sustainable and inclusive growth” launched on March 05, 2014.

The main question now is whether the revised strategy will be narrowed like the Lisbon Strategy in 2005 and if the inclusive growth dimension will be watered down. We the Civil Society Organisations Liaison Group believe the focus should instead shift to the implementation of the strategy in the member states, on rehabilitating the real economy, and on investing in people and policies that would provide a realistic chance of reaching the original objectives.

2. Governance

The concern of civil society is that current policies and European processes are insufficient to reverse the breakdown of social Europe. The situation will not change if the focus stays solely on economic growth without ensuring that it is sustainable for the planet, inclusive and rights based, and without taking proper account of the negative social impact of current macroeconomic policies.

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100 from the social, cultural, environmental and equality, including gender equality, perspective.
101 Representing 26.9% of women and 24% of men.
102 The part of a country's economy that produces goods and services, rather than the part that consists of financial services such as banks, stock markets, etc.
2.1 **The European Semester**

Looking back at the previous European Semester cycles, in our view the current processes are not transparent, are not being properly implemented, and are ineffective in serving the goal of achieving the Europe 2020 targets.

Since 2011, the Annual Growth Surveys (AGS) have shown a disconnection between the Europe 2020 strategy and the European Semester. As there is an EU wide poverty target, the lack of concrete guidelines and very limited number of proposals formulated to address the on-going increase in poverty and social exclusion within the AGS is disappointing. Employment measures were put forward in contradiction with ensuring quality employment, decent minimum wage, closing the gender pay and pension gap, and job security. Improving and investing in good education was only referred to in respect of increasing employment for growth and not as a goal in itself. On top of this, apart from 2012, there were no progress reports on the implementation of Europe 2020. The AGS 2014 re-proposes five priorities focused on economic and financial policies favouring budget cuts in the social field that continue to damage the European welfare state: pursuing differentiated, growth-friendly fiscal consolidation; restoring bank lending to the economy; promoting growth and competitiveness for today and tomorrow; tackling unemployment and the social consequences of the crisis; and modernising public administration.

Although the 2014 AGS recognises the role of civil society in the dissemination and communication of the European Semester we hope that this will not limit their involvement in the whole process. It should be one element of a real cooperation with civil society in all phases of the European Semester process and its implementation.

It is positive to see the Joint Employment Report annexed for the first time to the AGS 2014. The Report includes a Scoreboard composed of five key employment and social indicators on household income, inequality, poverty, unemployment and young people who are not in education, employment, or training (NEETs). This social Scoreboard aims to help strengthen the social dimension of the Economic and Monetary Union (EMU). It should help reinforce the monitoring of employment and social developments as part of macro-economic surveillance within the European Semester. The aim is to identify (better and earlier) major employment and social problems that need to be tackled and to prevent serious divergence between the social situations in Eurozone countries. However, contrary to the scoreboard used under the Macro-economic Imbalance Procedure, the outcomes of the social scoreboard do not have binding implications. Without such a mechanism and potential to trigger action, the social dimension will be an empty shell with economic and financial policies continuing to damage the social tissue of our continent. The Scoreboard also lacks a gender equality dimension which means that the European Semester is left without the necessary instruments to combat gender equality.

No real improvement has been seen in the NRPs over the past number of years. The general message continues to be one of austerity, focusing on macro-economic corrections. While there has been some
progress in involving stakeholders at national level very often their opinions are not taken up in the final version of the NRPs.

The CSRs have shown some improvement over the years. In 2013 the number of CSRs on poverty, employment, education, and care and health services increased. Furthermore some new positive individual proposals were formulated for some countries regarding key target groups such as children, youth, migrants and Roma. The overarching Communication on the 2014 CSRs also stated that “several Member States need to pay more attention to combating different forms of poverty – child poverty, homelessness, in-work poverty and over-indebtedness of households – and to ensure the effectiveness of the welfare systems that deal with those affected”. However some CSRs are a cause for concern as they could have an adverse effect on gender equality, notably those concerning: pension reform (the current average gender pension gap is 39% in the EU); the proposals to revise pay and pensions review mechanisms; the rise in retirement age without taking into account years of healthy life; and the proposal to introduce tax incentives for couples’ second incomes. The European Pact for Gender Equality (2011-2020) calls on member states to apply a gender equality perspective in their NRPs and on the Commission and the Council to incorporate a gender equality perspective in the AGS and the CSRs.

Consistency between the different CSRs is also lacking. The main focus is still on reducing public deficits and debt, primarily through reducing public expenditure with huge consequences on public services, rather than on coherent and balanced proposals which deliver on the objectives of Europe 2020\textsuperscript{103}. Unless such a balance is restored, this absence of coherency will continue to generate increased poverty and social exclusion and undermine the coherence of the social CSRs and their potential for delivery. For example, active labour market reforms are promoted without any requirement of employment being sustainable and of high quality. Furthermore, the ongoing failure to set CSRs for Troika countries sends the message that these countries are excluded from Europe 2020 (when in fact they need it most). While it is positive that the social partners\textsuperscript{104} were formally invited to comment on the CSRs in 2013, CSOs were not.

There is also an implementation gap between the recommendations set in the AGS and the CSRs and the decisions made by member states. In the 2013 AGS the Commission considered that “longer term investment in education, research, innovation, energy and climate action should be protected and the needs of the most vulnerable in our society should be catered for” as a priority and that it is “essential to invest in the modernisation of education and training systems, including life-long learning”. Promoting investment in education and skills was mentioned in the CSRs for 22 member states. However over the last number of years member states have cut their spending in education.\textsuperscript{105}

\textsuperscript{103} It is notable that Europe 2020 nor the goals of smart, sustainable and inclusive growth, or the five targets are referenced explicitly in the preamble of the Recommendations.  
\textsuperscript{104} The social partner organisations represent the interests of workers and European employers.  
\textsuperscript{105} The Education and Training Monitor 2013 states that 16 Member States decreased their education expenditure at some stage between 2008 and 2011, with six of them showing further significant budget decreases in 2012 (EL, IT, CY, LV, PT, UK-WLS).
2.2 Tools, Instruments and Funds

Europe 2020 Flagships

The strategy includes seven flagship initiatives providing a framework through which the EU and national authorities mutually reinforce their efforts in areas supporting Europe 2020\textsuperscript{106}. Among the seven flagship initiatives included in the Strategy, are the ‘European platform against poverty and social exclusion’ and the ‘An Agenda for new skills and jobs’ that have been set to reach the goal of inclusive growth.

The ‘European platform against poverty and social exclusion’ (EPAP) was designed in 2010 with the aim of supporting member states to reach the headline target of lifting 20 million people out of poverty and social exclusion. The Platform works in close partnership with civil society, the social partners and member states and is keen in directly involving people experiencing poverty and social exclusion in the design and implementation of policy reforms. Another distinctive initiative carried out in the context of the flagship is the Annual Poverty Convention. Despite the fact that two thirds of the actions foreseen under this flagship have been formally delivered, there is still, for the moment, no honest commitment to, and no implementation of, the Europe 2020 poverty target.

The Commission, in its Communication “Taking stock of the Europe 2020 strategy” admitted that the flagship did not fully succeed in creating a coherent and integrated framework for social policies and exploiting the synergies between the different actions. The Commission seems even to question its added value.

Different flaws of the EPAP can be identified and need to be addressed in order to convert this flagship into an efficient and effective tool. One issue is again coherence: the bigger picture of how the different instruments and processes in the social field (such as the EPAP and its Stakeholder Dialogue meetings, social OMC, Social Investment Package and the EU funds including the ESF and EaSI) should work together to achieve the reduction of poverty is still not clear. Their direct link to the European Semester with the AGS, NRPs, and CSRs, is also missing.

The Annual Convention of the EPAP is still not organised in a way for it to take stock of the implementation of the poverty target in all countries nor does it provide enough room for reflection by the EU, the member states, civil society and other stakeholders, on the actions needed to improve the situation. At the moment, the EPAP and its Convention receive little visibility and political value. The messages and recommendations that came out of the Conventions of 2011, 2012 and 2013, have secured only minimal political commitment. What is missing now – and really needed – is a political process that links the EPAP and its Convention to other European processes. The Convention should

\textsuperscript{106} The Strategy for Equality between women and men 2010-2015 requires the Commission to ‘support the promotion of gender equality in the implementation of all aspects and flagship initiatives of the Europe 2020 strategy’.
put forward clear recommendations to the EPSCO, European Council as well as all other policy makers, and these should be included in the European Semester.

The flagship initiative “Agenda for new skills and jobs” was presented as an initiative to help the EU reach its employment target for 2020. It also aims to contribute to the EU educational and poverty targets. In its Communication “Taking stock of the Europe 2020 strategy”, the Commission’s assessment of the flagship was particularly negative: its impact at macroeconomic level was limited, the awareness of the flagship has been hampered, and also its link with the European Semester, including the CSRs, has been limited. The flagship is also missing actions that focus on ensuring the quality of jobs created as well as actions to improve the accessibility of the labour market for all women and men that can work. The emphasis of the “white” (health and social care) and “green” jobs as sectors for job creation is welcome, and the benefits on social cohesion and sustainable development should be more prominent.

The flagship initiative “Youth on the Move” is a package of policy initiatives on education and employment for young people in Europe. The aim of this flagship is “to improve young people’s education and employability, to reduce high youth unemployment and to increase the youth-employment rate – in line with the wider EU target of achieving a 75% employment rate for the working-age population”\(^{107}\). In the implementation of the initiative, the EU has set the frame and provided some funding for the Youth Guarantee to facilitate young people’s transition from education to the labour market in member states. Nevertheless at national level there are still some challenges to overcome before the full implementation of the Youth Guarantees. Proper monitoring of how the Youth Guarantee needs to be implemented is needed to ensure it respects the main principles defined in the recommendation adopted by the Council in February 2013\(^ {108}\). We believe it crucial that member states stick to their commitments to set-up efficient mechanisms and invest in creating strong partnerships between public employment services, social partners, employers and educational authorities. We are convinced that the European Semester can hugely contribute to this.

The European Social Fund (ESF)

The ESF aims to help member states restore and increase growth and ensure a job rich recovery while ensuring sustainable development, in line with the Europe 2020 objectives. The first ESF covered investments from 2007 to 2013, while the new Fund as agreed in 2013, will cover 2014 till 2020.

A first key achievement of the new ESF is its broad focus on social objectives. From now on “promoting social inclusion and combating poverty” is also one of the four thematic objectives of the ESF, next to the employment objective. The setting of specific thematic objectives and investment priorities can provide member states with indications on how to spend the money well. Another

\(^{107}\) This term has now replaced “women and men” making gender equality more invisible in the overall strategy, particularly important when the unemployment rate of young women is higher than young men.

\(^{108}\) i.e. concerning the quality and typology of jobs, traineeships and training opportunities offered by the schemes, as well as the accessibility of the schemes to all young people without any conditionality including from a gender equality perspective.
achievement is the promotion of equality between women and men and equal opportunities for all without any discrimination to be integrated in all actions and also supported through specific initiatives.

Furthermore, it was agreed that at least 71 billion of EU resources should be dedicated to the ESF and that at least 20% of this has to be allocated to investment priorities under the social inclusion objective, as requested by many CSOs. At least € 3 billion of the ESF money has to be allocated to the Youth Employment Initiative (implementation of the Youth Guarantee) and another € 3 billion will be added to this from outside the ESF. These resources can help reverse the worrying trend of unacceptably high rates of poverty and unemployment, including youth unemployment, if implemented properly, in partnership with stakeholders such as CSOs.

The “partnership principle” makes it mandatory for member states to organise partnerships with relevant actors, including CSOs. They should be involved in the preparation of partnership agreements and progress reports throughout the preparation and implementation of programmes, as well as in monitoring committees. This allows making an added value of CSOs’ sound knowledge of the reality on the ground, the needs of different target groups, on how to successfully run integrated projects funded by Structural Funds, and the key role played by Structural Funds in delivering on the Europe 2020 poverty reduction and employment targets. The cooperation between the managing authorities and different stakeholders through the proper use of the Code of Conduct on the Partnership Principle, will contribute to an efficient and effective implementation. However much of the ESF implementation planning happened before the Code of Conduct was adopted and therefore only very few member states applied the partnership principle properly. Stakeholders were often just informed about decisions that were already taken by public authorities.\textsuperscript{109}

Another achievement is the inclusion of some framework conditions that have to be in place before disbursing funding to ensure the proper implementation of the thematic objectives and investment priorities\textsuperscript{110}. Member states should concretely identify from the beginning how and for what they want to use the money. This was often missing in the past under the previous ESF and led to the problem of non-take-up.

It is very clear however that the amount of resources available under the ESF is not enough to solve all the social problems in the EU. Therefore other EU funds, including the ERDF, EaSI and Horizon 2020 should support social policies, and member states have to allocate additional resources from their national budgets.

\textit{The Social Investment Package}

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\textsuperscript{109} See Social Platform article “\textit{Disappointing implementation of partnerships in structural funds}”.

\textsuperscript{110} e.g. to promote social inclusion and combating poverty, anti-discrimination, gender equality, healthy ageing and for a full implementation of the United Nations Convention on the rights of persons with disabilities while using structural funds.
In February 2013 the Commission launched the Social Investment Package (SIP), which represents to a large extent a paradigm shift away from austerity measures towards social investment. While welcoming the policy focus of the SIP, CSOs are concerned that some of the programs undertaken under this initiative seem to promote conditionality and a targeting approach in relation to access to benefits and services.

In order to spur social progress through this initiative, we call for a more coherent and better integrated framework for social policies covering in a comprehensive approach the preventing and adjusting arms to fight poverty and social exclusion. We also call upon the institutions involved in the EPAP to strongly advocate for the need to stop social retrenchment and to support investment in the skills and potential of people so that they can fully participate in society and access decent work.

2.3 Civil dialogue

Currently the involvement of CSOs in, for example, the processes of the European Semester is disappointing. Member states do not want to consult – or if they do consult it is a poorly designed process lacking in quality engagement. Decision making processes need to be opened up to CSOs ready to play their role in their areas of expertise, in European Governance and in the implementation of the economic and social priorities of the EU. This will enable policy makers to tap into the existing, on the ground knowledge of CSOs and will give a voice to those who are directly impacted by fiscal, economic and social policy reforms. Such stakeholder involvement will not only improve polices at local, regional and national level but it will also improve the implementation of such policies through services and systems that will be inclusive and sustainable, that can be targeted or universal, that can be flexible, and can be a stronger safety net when sudden shocks hit (such as the social and financial crisis).

Looking at the European Semester, the purpose of involving CSOs should be to ensure the best possible design, implementation and evaluation of policies promoting social inclusion and cohesion so as to generate maximum positive impact and change. This could be achieved partially by the Commission engaging in a more formal consultation during the preparation of the AGS, as it does with the social partners. Furthermore, to support stakeholder engagement at national level, European guidelines should be developed on how to engage with all relevant stakeholders in the elaboration of NRP. But also more in general, clear and transparent procedures have to be developed and applied at all levels to allow for structural and meaningful stakeholder involvement in developing, implementing and evaluating policies under the Europe 2020 strategy. Favourable environments with sustainable funding for CSOs need to be created to underpin their meaningful involvement.

One of the most important areas for stakeholder involvement in the context of Europe 2020 is the EPAP and its Annual Convention. The Commission said in advance that voluntary guidelines on participation in relevant policies could be developed, but this unfortunately did not happen. Nonetheless, the EPAP has a broad stakeholder base and the number of Stakeholder Dialogue meetings has increased. To bring greater clarity as to the purpose of these meetings and their anticipated outcomes, the Commission could among others work towards a common agenda setting
with CSOs, bringing forward suggestions for discussion. Since the first Convention in 2011 the involvement of stakeholders has improved. However, further work still needs to be done to ensure the effective engagement of people experiencing poverty.

3. **Civil Society Recommendations: Re-focus Europe 2020 and the European Semester on inclusive growth**

A change of governance is needed. We need governance that is consistent, inclusive and cooperative. Consistent governance means that we must ensure the coherence of policies set at a European and member state level, in particular through the ex-ante coordination of fiscal, economic and social policies and reforms. Inclusive governance requires the prioritisation of the social targets of the strategy. To achieve cooperative governance policy making and implementation has to be rendered democratic and legitimate through the meaningful and structured involvement of civil society.

There needs to be much more ambitious and quick action from the EU and member states and the Commission must use the tools and processes at its disposal to put pressure on member states to deliver on the social targets of Europe 2020.

We, the EESC’s Civil Society Organisations liaison group, expect the review of Europe 2020 to allow for a better protection of social, education and cultural budgets when developing policies to tackle macro-economic imbalances; to increase social investments, particularly in the light of the Commission’s SIP; to develop a true and integrated anti-poverty and social inclusion strategy at EU and national level; to mainstream social targets in all other policies; and finally to invest in the creation of, access to and progression in quality and sustainable employment. In particular, we expect the review of the Europe 2020 strategy to integrate the following measures in the future implementation of the strategy, with a view to ensure it reaches its goals on inclusive growth. In 2009, the European Parliament already endorsed several of them in its resolution on the active inclusion of people excluded from the labour market\(^{111}\), but implementation is still lagging behind.

The CSO Liaison Group would also welcome joint ECFIN and EPSCO Council meetings in the framework of the European Semester.

**RECOMMENDATIONS**

3.1 **Active Labour Market Policy**

We call for the inclusion of the Youth Guarantee as one of the elements to be reported on within the Semester’s indicators, in the NRPs, and to be followed-up by the Commission and Council in the CSRs and in the AGS.

\(^{111}\) European Parliament resolution of 6 May 2009 on the active inclusion of people excluded from the labour market (\[2008/2335(INI)\]).
We call for Europe 2020 to foster equal access for all to quality education. High-quality, formal and non-formal, inclusive education is a vital prerequisite for successful integration in society and employment prospects and should be reflected in the Europe 2020 strategy. The European Semester should set clear objectives for member states to eliminate all barriers to education and ensure integrated education and access for all. In particular, high quality career guidance counselling must be a core part of education and skills policies while those who have been excluded from the labour market for a long time must have greater entitlements to funding for lifelong learning, especially where “key competences” are concerned.

The role of creative and critical thinking fostered by cultural activities for the development of people’s skills is a priority. We call for an approach of social and human investment that includes cultural assets and resources. Prioritising the development of European social and cultural capital is a precondition of any successful strategy of recovery and more over for the fulfilment of fundamental human rights for current and future generations.

We call for a reinforcement of the EURES portal, which should ensure fair mobility and enhance access of workers to quality jobs. In particular, the extension of the scope of the EURES network to cover apprenticeships and traineeships should not be at the expense of good quality working conditions for interns and apprentices. In this regards, the recommendation voted by the Council on March 13 on a quality framework for traineeships does not seem sufficient to avoid exploitation of interns and apprentices.

We expect the NRPs to include more measures to create new employment through tax incentives and employment subsidies, notably for the most vulnerable groups in society, including NEETS (young people Not in Employment Education or Training). Besides the number of jobs created, the kind of contracts and conditions of employment, including employment patterns, should be reported in the Joint Employment report, including traineeships and within a gender equality perspective.

3.2 Social Services

We expect the review of Europe 2020 to rebalance budgetary policies in favour of social investment, to ensure the right for all to access affordable and high-quality social services. Such social services include affordable housing, childcare and dependent person’s care including the elderly accessible public transport, vocational training, and healthcare provision as well as access to affordable energy and other network services, and should be recognised and protected as essential elements of the European Social Model despite the crisis.

We call on Europe 2020 to provide more guidance and to better monitor the implementation of the partnership principle in the implementation of funding programmes notably the ESF. It is crucial for the member states to establish networks at regional and local levels, involving CSOs, to provide and to advise and refer people on where they can receive specific social services (i.e. social benefits
schemes, health, mental health and social care services, and vocational training) as well as help in accessing the labour market according to their particular situation.

3.3 Poverty Preventing Minimum Income and Minimum Wages

We call for the setting of adequate minimum income schemes in all member states for children, for persons of active age who are unable to earn sufficient income, and for older persons. This should be based on an EU framework establishing common principles and methods and should enable a dignified life and cannot be subject to punitive conditionalities. To this end, actions should be included in the Europe 2020 strategy and progress regularly monitored as part of its implementation. To guarantee each individual's fundamental right to sufficient resources and assistance to live in human dignity, it is crucial that the EU and its member states ensure decent income levels for job seekers and those who cannot access employment through unemployment benefits or other forms of social protection. Such minimum income is essential to keeping people socially included, which is a precondition for their inclusion in employment. Only with the establishment of such minimum income can the EU reach its objectives on poverty reduction.

We call on the EU to use the Europe 2020 strategy and the European Semester to foster the setting of non-discriminatory minimum wages in all member states, to prevent in-work poverty and to close the gender pay gap. Unfortunately, the risk of poverty also exists for people in the labour market, and the EU experiences a growing number of “working poor”. Young people often count among these. Young people starting their first jobs often receive the lowest earnings: 30% of people starting work for the first time in 2008 received the minimum wage or less. Where it exists, the stagnation, and in some cases regression, of the minimum wage in Europe has disproportionately affected Europe’s working youth. In some member states there are even explicit legislation allowing for lower minimum wages to young people (i.e. UK, Greece). Some economists have suggested that the lack of a minimum wage is one of the reasons that Germany has managed to keep its youth unemployment rate so low, in some parts of Germany young people work in low-skilled jobs for less than 1 EUR per hour. Some are even working for as little as 55 cents per hour. Third-world wages in Europe’s leading economy can not only compound the trend of rising youth poverty, but can also further entrench the low-wage sector and depress wages across all demographics, leading to a two-tier labour market. Therefore, we expect the debate on employment and youth employment in particular in Europe to take into consideration young people’s elevated risk of being trapped in in-work poverty, and move beyond the “any job will do” position of some policy-makers. It is time for the Europe 2020 to re-focus on its objective of creating better jobs.


113 Marsh, S, and Hansen, H., Insight: The Dark Side of Germany’s Jobs Miracle, Reuters (8 February 2012), http://www.reuters.com/article/2012/02/08/us-germany-jobs-idUSTRE8170P120120208
3.4 Social, Gender Equality and Cultural Impact Assessments

A crucial part of the governance structure is the increased use of social, gender equality, and cultural impact assessments at the national and EU level. At the EU level, this should include a greater role for such assessments in the integrated impact assessment that should be applied to the European Semester and policies that impact on social inclusion and poverty.

3.5 New Ways of Measuring Progress

We call for the “social scoreboard” to have a stronger role in the functioning of the European Semester including triggering binding preventive and corrective actions. This would assist policy makers in the design of the NRPs and the CSRs for areas of divergence and social imbalances.

Alternative indicators to GDP could be used to assess if progress is being made towards a more cohesive and inclusive society for all, focusing on social and cultural parameters of wellbeing.

The social OMC can help identify key policy priorities in these areas and, through the development of common indicators, to monitor progress.

Women and men living in Europe should be encouraged to discuss, agree and advocate for their own policies and have the tools available to measure progress and hold governments to account.

3.6 Stakeholder Involvement

Provide guidance on true civil and social dialogue, in particular in the context of the NRPs and the Mid-term Review. Such dialogue has to be about working together in developing, implementing and evaluating policies and has to take place at all levels and at all stages of the process, to ensure their effectiveness as well as their legitimacy. This will not be achieved through a mere consultation with stakeholders.

Ensure the democratic principle of civil dialogue through meaningful and structured involvement of stakeholders in European governance and the European Semester process in particular in line with Recital 16 of the Europe 2020 Guidelines of 2010. Civil and social dialogue supports meaningful, legitimate and democratic governance as well as ownership of Europe 2020 and the EU in general.

Set clear and transparent procedures that allow for structural and meaningful involvement of all stakeholders in developing, implementing, monitoring and evaluating policies under the Europe 2020 strategy. This should be done throughout the European Semester and national semester, and at all levels. Stakeholders should include CSOs and the people they represent, as well as social partners.

Expand your sources for information when developing the AGS and CSRs as well as the preparatory SWPs. Seek information in particular from CSOs carrying out assessments of and proposals for a more legitimate and democratic European Semester.
Involve all relevant stakeholders in the development of a genuine EMU, and in particular in the development of its social dimension, when it is linked to the European Semester process. This is the only way to ensure a genuine EMU that gets the support of people throughout the EU.
PRIORITIES, CHALLENGES AND PROSPECTS FOR CIVIL SOCIETY INVOLVEMENT IN THE EUROPE 2020 STRATEGY BEYOND 2015

CONCLUSIONS
1. **Global picture: a worsening situation for Economic and social councils (ESCs)**

The morning session of the meeting of 12 June of the Europe 2020 Steering Committee has shown the increased difficulty for several national ESCs of participating in the European processes.

In France, for the first time, the French ESEC didn’t issue a contribution to the National Reform Programme, due to a very late consultation. In Belgium, the ESCs are still experiencing difficulties in issuing common opinions on the European processes (although satisfaction was expressed about the informal dialogue which is maintained and even developed with the public authorities). In Italy, if in the one hand, the National Reform Programme refers to several opinions of the CNEL, the very existence of the latter is put into question. In countries submitted to an economic and financial adjustment programme, the answer to the crisis is drawing criticism while in some other countries, serious doubts have been expressed over the desire of the public authorities to take the opinion of the organised civil society into account.

This deteriorating situation happens in a general context of increasing loss of confidence in Europe itself which does not even spare intermediate bodies. This situation presents huge challenges for social partners and other civil society organisations.

2. **A step by step approach**

Much has still to be done in order to develop a system that will truly deliver a solid partnership among the European institutions, national governments, social partners and other civil society organisations at all relevant levels. This objective will not be achieved tomorrow and it will require concerted effort on the long term.

However, quickly implementing simple changes to the current working method of the EESC and the interactive network as well as an enhanced cooperation with the European Commission could provide improvements in the short term.

In addition, a reflexion should be conducted in order to address medium term and long term challenges that are facing social partners and other civil society organisations.

2.1 **Proposals to be implemented in the very short term**

2.1.1 **An early contribution of the EESC to the Annual Growth Survey (AGS)**

The afternoon session of the Europe 2020 Steering Committee confirmed one of the findings of the study that the opinion of the EESC relating to the AGS is issued to late (February) in order to have a real impact on the orientation of the European Semester.

While this annual opinion comes before that the AGS is endorsed by the Spring European Council (and can thus be, in theoretical terms, taken into consideration), it appears that there are in practice
difficulties in making changes to the Commission’s proposals. Therefore and in order to have greater impact on the political guidance of the process, the EESC’s opinion on the AGS should be delivered each year within such time as it would permit the European Commission to take it into consideration when publishing the AGS.

This implies that the Rapporteur and the drafting group responsible for the opinion on the forthcoming AGS should be designated soon after that the country recommendations are approved and should start working on the basis of the Commission’s observations and the previous opinions of the EESC. The EESC should try to issue its opinion in October (according to the proposed calendar of the organised civil society set out in annex 2 of the study) or even already in July (according to comments expressed during the afternoon session of the Europe 2020 Steering Committee).

2.1.2 A renewed collaboration between the EESC and the European Commission

The afternoon session of the meeting of 12 June of the Europe 2020 Steering Committee highlighted that the current collaboration with the European Commission is not entirely satisfactory, in particular as regards the elaboration of the AGS.

Consequently, the adaptation of the calendar, as suggested above, should go hand in hand with an increased cooperation with the European Commission. In that respect, it is suggested in the study to enhance, in a structural manner, liaison between, on the one hand, the EESC members belonging to the drafting group responsible for the opinion on the forthcoming AGS and, on the other, the European Commission. The submission to the Committee of a draft document before it is endorsed by the European Commission as a whole is an interesting track to explore which was suggested in the discussions of the Steering Committee.

What form this renewed cooperation could take should be discussed in the very short term with the European Commission with the aim of adapting the Protocol on cooperation between the EESC and the European Commission.

The reflexion should include ways to improve the involvement of the Committee in the Countries specific recommendations (CSRs). The timetable for drafting the CSRs is indeed the very weak point in the process. Solutions such as anticipating the publication of proposals for recommendations or organising a debate on the basis of the technical data sheets and preparatory analyses used in connexion with the examination of the national reform programmes could be formulated as a starting point for discussions with the European Commission.

2.1.3 A greater visibility to the Integrated Report (national contributions)

The study brought to light that the Integrated Report, which brings together the contributions from the national Economic and Social Councils (ESCs) and similar institutions, is one of the main achievements of the EESC and the interactive network. Nevertheless, the lack of formal publication of
this report as well as the lack of feedback from the European Commission about the follow-up to the national contributions does not encourage national ESCs to deliver contributions.

In this respect, several improvements could be made in order to bring more visibility to the Integrated Report and the national contributions it contains. The proposals put forward in the study in this regard consist of giving the Integrated Report more publicity (for instance by publishing it in the OJ) or of eliciting a formal response from European Institutions to the written contributions of national ESCs and similar institutions.

The EESC could also contribute to add value to the national contributions by providing a comprehensive picture in an introductory opinion (for instance in the opinion on the AGS). This would require a significant investment from the EESC in the interactive network.

2.2 Medium term challenges

2.2.1 A more transparent European social dialogue and civil dialogue

The studied showed that organised civil society seems to be at times fragmented between its various components and that social partners and other civil society organisations are sometimes reflecting and acting in various places of dialogue (social dialogue, civil dialogue within the EESC) without necessarily knowing what is happening in the other forums for dialogue.

There is consequently room for more transparency and dissemination of information within civil society. The members of the EESC which are involved in the European social dialogue could have a leading role in order to adopt a structural approach aimed at improving mutual information between the various forums. The EESC, with its network, owns a unique tool for dissemination of information within organised civil society.

2.2.2 Reaching civil society organisations which are not currently included in the interactive network

In parallel with short term improvements to the current functioning of the interactive network, a reflection should be started aimed at broadening in the longer term the scope of the interactive network to civil society organisations which are not currently included in it. In this regard, two specific situations raised concerns during the afternoon session of the meeting of 12 June of the Europe 2020 Steering Committee namely:

– Countries where there are no national ESCs

In this respect, members of the national delegation to the EESC from countries without national ESC could have a leading role to play as it was the case in the summary reports issued in the framework of the Lisbon strategy.
Countries where only social partners are represented in the national ESC

In this respect, cooperation between social partners and other civil society organisations depends on national practices. Nevertheless, a better involvement of NGOs in the interactive network could be pursued through a bolstering of the cooperation with the Liaison Group. It should be recalled that the Liaison Group used to issue contributions to the summary reports issued in the framework of the Lisbon Strategy.

Another possibility could be for the Europe 2020 Steering Committee to develop itself direct new partnerships with other national consultative bodies than ESCs (for instance environmental Councils or national platforms against poverty).

2.3 Long term challenges

2.3.1 Future organisation of social and civil dialogue

Beyond the question of the involvement in the Europe 2020 strategy, the study highlighted that questions are raised about the adequacy of the existing processes for consulting and involving civil society which have been developed at European level since the 2001 White Paper on European Governance. This question is not directly in the scope of the study and goes beyond the mandate granted to the Europe 2020 Steering Committee.

This has to do with the ability of organised civil society to play the role which was granted to it under provisions of articles 11(1) and 11(2) of the Lisbon Treaty. In other words, it has to do with the ability for organised civil society to help reinforce democratic legitimacy and public confidence in the European processes. Seen in this way, these questions appear to be on the long run closely link to the issue of ownership of the European Strategy for growth and jobs.

In its opinion relating to articles 11(1) and 11(2) of the Lisbon Treaty, the EESC presented a way forward for the implementation of these articles which appears to be of paramount importance.

The same type of questions are raised at national level where social partners and other civil society organisations are being challenged by an undermining of confidence in institutions affecting all institutionalised bodies, by important changes in working methods arising from the use of the new information and communication technologies and by alternative forms of social organisation (notably due to social networks). The questionnaire sent by the French ESEC to the other national ESCs could be a first step in launching a common reflexion and discussion on possible adjustments in the working method, if deemed advisable.

2.3.2 Developing a culture of social and civil dialogue all over Europe

The varying degree of organised civil society’s involvement in the member states is maybe the most important trend constantly observed by the EESC and by the European Commission over the years.
This constitutes a serious impediment to development of a real ownership of European processes all over Europe and a significant obstacle to the effectiveness of articles 11(1) and 11(2) of the Lisbon Treaty.

Further effort should be made in order to promote a continued and effective dialogue between organised civil society and public authorities at all relevant levels. Several recommendations were made by the EESC over the years in order to foster debate at national level, notably around the elaboration of the National Reform Programme.

The EESC have a leading role to play in order to support efforts of national ESCs, notably in countries where there is no culture of social and civil dialogue. Tools such as practical guide for stakeholders or the setting of quality standards in terms of involving civil society organisations and social dialogue could be developed in parallel with communication campaigns and initiatives aimed at raising awareness on the European strategy.

A selection of recommendations made by the EESC and the European social partners is appended to the study (annex 3).

2.4 Ideas for future studies and/or exchanges of practices within the interactive network

Special focus should be given to topics of common and high-priority interest and notably:

- The role of organised civil society in the partnership agreements adopted in the framework of the Structural and Investment Funds for the 2014-2020 programming period.
- The ways and means by which social partners and other civil society organisations can be consulted and involved at local and regional levels (work to be conducted in close collaboration with the Committee of the Regions).
- Practices leading to improved cooperation between social partners and other civil society organisations at national level.

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Appendices

Appendix 1: European Semester - Current civil society’s calendar
Appendix 2: European Semester - Towards a new civil society’s calendar
Appendix 3: Main recommendations from the EESC and the European social partners relating to the involvement of organised civil society
### Appendix 1: European semester - Current civil society’s calendar

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## Appendix 2: European Semester - Towards a new civil society’s calendar

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<td><strong>National ESCs</strong></td>
<td>Europe 2020 SC</td>
<td>Starting point consultation draft NRP's</td>
<td>Contribution spring EC</td>
<td>Contribution NRP's + IR</td>
<td>High level meeting spring EC</td>
<td>Meeting with EC</td>
<td>Europe 2020 SC +</td>
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<td><strong>Regional Governments</strong></td>
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*Note: NRPs = National Reform Programmes; RRP = Regional Reform Programme; Stab/Conv = Stability and Convergence Programme; Progs = Programs; EPW = European Parliament; BDP = Bilateral Draft Plans; AGS = Agenda for the Semester.*
List of abbreviations

AGS: Annual Growth Survey
AMR: Alert Mechanism Report
IDRs: In-depth reviews
CSRs: Country-specific recommendations
IR: Integrated report (EESC + national ESCS).
Stab/Conv.Progs: Stability and Convergence Programmes
NRPs: National reform programmes
RRPs: Regional reform programmes
EC: European Commission
EESC: European Economic and social Committee
ESCs: Economic and social councils and similar institutions
Europe 2020 SC+: Europe 2020 Steering Committee including national Economic and social councils and similar institutions.
Spring EC: Spring European council
EPW: European Parliamentary week.
Input
Mutual information.

Changes in the current calendar are in red.
Appendix 3: Main recommendations from the EESC and the European social partners relating to the involvement of organised civil society

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Recommendations</th>
<th>Most relevant actors (within organised civil society)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual growth survey</td>
<td>The European social partners (through the European social dialogue) and organised civil society should be involved at an early stage in the preparation of the Annual Growth Survey.¹¹⁴</td>
<td>European Social partners/ EESC</td>
</tr>
<tr>
<td></td>
<td>The views of the European social partners should be appended to the AGS.¹¹⁵</td>
<td>European social dialogue</td>
</tr>
<tr>
<td>Integrated guidelines</td>
<td>The involvement of the European social partners (through the European social dialogue) and organised civil society is also urgently needed in relation to establishing the priorities for the employment policy guidelines and the broad economic policy guidelines.¹¹⁶</td>
<td>European Social partners/ EESC</td>
</tr>
<tr>
<td>Macro-economic imbalance procedure</td>
<td>The macro-economic dialogue also constitutes the right forum to consult European and relevant national social partners in the procedure on macro-economic excessive imbalances.¹¹⁷</td>
<td>European social partners/ EESC</td>
</tr>
<tr>
<td></td>
<td>The national social partners should be involved in the macro-economic imbalance procedure to comment on in-depth country reviews.¹¹⁸</td>
<td>National social partners/ ESCs</td>
</tr>
</tbody>
</table>

¹¹⁴ EESC’s opinion on the communication of the European Commission titled Action for Growth, Stability and Employment, CES 2235-2012, point 1.6. See also the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 1.

¹¹⁵ See the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 1.

¹¹⁶ EESC’s opinion on the communication of the European Commission titled Action for Growth, Stability and Employment, CES 2235-2012, point 1.6. See also the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 1.

¹¹⁷ See the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 4.

¹¹⁸ See the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 4.
### Country specific recommendations

The European social partners and organised civil society must be informed and consulted on the **country-specific recommendations** for each Member State. In this context, **timing is crucial** so as to permit the involvement of organised civil society at an early stage in the formulation of future prospects for the following cycles.

Consultation of the social partners on Country Specific Recommendations (CSRs) should happen in **two stages, first at national and then at EU level**. National social partners must be consulted in a timely manner during the Commission’s preparations of the CSRs. Following this national consultation and based on the views of their members, European social partners should then also have the opportunity to comment at EU level on the overall direction given to the CSRs.

### Timeframes

As a matter of urgency, Member States and the European Commission should **reconsider the timing and type of processes** in order to allow for genuine engagement and co-responsibility by all stakeholders.

A broad, more participatory dialogue should be put in place with the social partners and organised civil society in connection with the drafting of the national reform programmes. That implies a **review of the timetable** to give sufficient time for an in-depth debate allowing well-founded alternative proposals and approaches to be produced.

### Purpose

**Recommendations**

- **Most relevant actors (within organised civil society)**

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119 EESC's opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 9.3.

120 See the Declaration by the European social partners, Social partner involvement in European Economic Governance, Tripartite social summit, 24.10.2013, European Semester, point 3.

121 EESC's opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 1.

### National reform programmes

<table>
<thead>
<tr>
<th><strong>Member States</strong> should be more strongly encouraged to <strong>involve the social partners and consultative bodies</strong> in framing reforms based on country-specific recommendations as well as in drawing up and monitoring National Reform Programmes (NRPs).</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Commission and the Council</strong> should ensure that national governments adequately consult national social partners in a balanced way when drawing up their National Reform Programmes, including National Job Plans and that national governments <strong>annex the views of the social partners to the NRPs</strong>.</td>
</tr>
<tr>
<td><strong>Regular conferences</strong> in the Member States involving all relevant stakeholders would be useful but also open hearings in the Parliament presenting the National Reform Programmes.</td>
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</table>

### Monitoring/ benchmarking

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<th><strong>Each cycle</strong> could be capped by a <strong>conference involving all leading stakeholders</strong> and civil society organisations in order to take stock of the successes and shortcomings.</th>
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<tbody>
<tr>
<td><strong>The European social partners should be closely involved in establishing the scoreboard and benchmarks,</strong> as well as the criteria for evaluating the national job plans.</td>
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<td><strong>The social partners and civil society must be involved in evaluating government policies</strong> preceding any rationalisation or modernisation measures.</td>
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</tbody>
</table>

### Notes

124 See the Declaration by the European social partners, "Social partner involvement in European Economic Governance", Tripartite social summit, 24.10.2013, European Semester, point 2.
125 EESC's opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 9.5.
126 EESC's opinion on The post-2010 Lisbon Strategy, CESE 1885/2009, point 5.4.
127 EESC's opinion on the Communication from the European Commission titled Action for Growth, Stability and Employment”, CES 2235-2012, point 4.4
In monitoring Strategy goals the **special role of national ESCs and similar civil society organisations** should be **further strengthened** based on the respective consultative procedures and competences of the social partners in the individual Member States.  

To **promote benchmarking** as a way to measure the progress made in the implementation of the EU 2020 Strategy. Some ESCs are already practising this and other national ESCs should be encouraged to engage in the same process. With this benchmarking, the stakeholders continuously monitor the implementation of the reforms. This constitutes valuable input into the revision of National Reform Programmes.  

<table>
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<th>Purpose</th>
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</table>
| **Visibility of the organised civil society’s participation** | The annual integrated report of national ESCs and similar institutions should continue being sent to the European Council. In this connection, **national consultative bodies should be encouraged more strongly to participate in drawing up this integrated report**.  

129 EESC’s opinion on The post-2010 Lisbon Strategy, CESE 1885/2009, point 5.3  
130 EESC’s opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 9.4.  
133 EESC’s opinion on the Communication from the Commission – Annual Growth Survey 2014, EESC-2013-07466, point 1.1.1. | EESC/national ESCs |
| The European Commission, helped by the EESC and other stakeholders, should carry out a study of existing processes for civil society participation in policy-making at European level. | 134
| The EU institutions should establish a single database of contacts, consultations and dialogue with civil society. | 135
| An annual report should be prepared to demonstrate the scale of participatory democracy in the EU. | 136
| Steps should be taken to energise the debate on the implementation of the EU 2020 Strategy in Member States, and governments should develop more effective feedback processes about the impact of greater civil and social dialogue on the Strategy. Here the role of civil society in the follow-up can be of specific value. | 137
| Detailed information should be provided in the NRPs on the extent to which stakeholders have been actively involved in the process and on how their input was taken into account. | 138
| A final report to be prepared on the dialogue at national level, setting out the various viewpoints and suggestions, and that it would be attached to the country reports prepared by the Commission. That will make it possible to see where social participation is playing a significant role. | 139

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134 EESC's opinion on For a social dimension of European Economic and Monetary Union, CES 1566-2013, appendix.
135 EESC's opinion on For a social dimension of European Economic and Monetary Union, CES 1566-2013, appendix.
136 EESC's opinion on For a social dimension of European Economic and Monetary Union, CES 1566-2013, appendix.
137 EESC's opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 9.5.
138 EESC's opinion on the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions - Annual Growth Survey 2012, CESE 497/2012, point A.5.
139 EESC's opinion on the Communication from the European Commission titled Action for Growth, Stability and Employment, CES 2235-2012, point 5.2.
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<tbody>
<tr>
<td><strong>Communication on the strategy</strong></td>
<td>The Steering Committee needs to retain its <strong>focus on the Strategy and its implications for the general public</strong>, and should build on its internal communication with those members not involved in the work of the Steering Committee in order to ensure that all benefit from the Steering Committee's overviews and insight.(^{142})</td>
<td>EESC</td>
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<td></td>
<td>To enhance the implementation, using <strong>different communication methods</strong>, especially the electronic communication ones (identification of best practices, scoreboards etc.). Cross-border cooperation and the sharing of best-practices should be promoted.(^ {143})</td>
<td>EESC/national ESCs</td>
</tr>
<tr>
<td></td>
<td>The <strong>national coordinators should more actively involve civil society</strong> organisations and social partners in the activities and reforms necessary to support the Strategy (e.g. timely information, joint event planning, etc.), and communicate the strategy to the wider public more effectively.(^ {144})</td>
<td>National ESCs</td>
</tr>
</tbody>
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140 EESC’s opinion on The post-2010 Lisbon Strategy, CESE 1885/2009, point 5.2.
141 EESC’s opinion on For a social dimension of European Economic and Monetary Union, CES 1566-2013, appendix.
142 EESC’s opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 7.2.
143 EESC’s opinion on Effective governance of the renewed Lisbon Strategy, CESE 1928/2008, point 1.11.
144 EESC’s opinion on Effective governance of the renewed Lisbon Strategy, CESE 1928/2008, point 2.4.
<table>
<thead>
<tr>
<th>Multi-level partnerships</th>
<th>Permanent dialogues as <strong>instruments for effective multi-level governance</strong>, in cooperation with the national coordinator's office.(^{145})</th>
<th>Social partners (EU/national levels)/EESC/national ESCs</th>
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<tr>
<td></td>
<td>Gradually building up a strategic and comprehensive <strong>multi-layered partnership process</strong>, while at the same time quickly implementing <strong>simple actions that could provide improvements</strong> in the short term.(^ {146})</td>
<td>Social partners (EU/national levels)/EESC/national ESCs</td>
</tr>
<tr>
<td></td>
<td>Specific measures to ensure <strong>dialogue between the Commission and civil society</strong>, and to <strong>strengthen social dialogue</strong>.(^ {147})</td>
<td>National social partners/national ESCs</td>
</tr>
<tr>
<td>Direct dialogue with European Commission</td>
<td>The <strong>ESCs and civil society organisations could invite Commission representatives to discuss specific national circumstances</strong>. Likewise, national ESCs should be involved in the Commission's annual consultations. An exchange of views and experience between the EESC and national ESCs on the national reform plans is of particular importance here.(^ {148})</td>
<td>National ESCs</td>
</tr>
</tbody>
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\(^{145}\) EESC's opinion on Effective governance of the renewed Lisbon Strategy, CESE 1928/2008, point 2.7.

\(^{146}\) EESC's opinion on Strengthening the participatory processes and the involvement of local authorities, NGOs and the social partners in the implementation of Europe 2020, CESE 1586/2012, point 6.1.

\(^{147}\) EESC's opinion on the Communication from the Commission – Annual Growth Survey 2014, EESC-2013-07466, point 2.3.6.

\(^{148}\) EESC’s opinion on The post-2010 Lisbon Strategy, CESE 1885/2009, point 5.3.